

**City of Carson City  
Agenda Report**

**Date Submitted:** October 9, 2012

**Agenda Date Requested:** October 18, 2012  
**Time Requested:** 20 Minutes

**To:** Mayor and Supervisors

**From:** Parks and Recreation Department - Open Space Division

**Subject Title:** For possible action: A public hearing to determine, pursuant to N.R.S. 244.281(1)(c) the fair market value of APN 008-523-09 containing 1.02 acres is \$115,000 and that the fair market value of easements is \$30,000 for county real estate located in the vicinity of Capitol Loans at 5951 Highway 50 East. (Juan F. Guzman)

**Staff Summary:** The purpose of this hearing is for the Board of Supervisors to determine the fair market value of property and easements on APN 008-523-09 in accordance with the provisions of N.R.S. 244.2795.1(a). This is an initial step of several needed to sell easements and/or the entire property.

**Type of Action Requested:** (check one)

- Resolution                       Ordinance  
 Formal Action/Motion    Other (Specify)

**Does This Action Require A Business Impact Statement:**    Yes    No

**Recommended Board Action:** For possible action: A public hearing to determine, pursuant to N.R.S. 244.281(1)(c) the fair market value of APN 008-523-09 containing 1.02 acres is \$115,000 and that the fair market value of easements is \$30,000 for county real estate located in the vicinity of Capitol Loans at 5951 Highway 50 East.

**Explanation for Recommended Board Action:** Consideration of this item was postponed at the Board of Supervisors meeting on June 21, 2012. The value of county real estate may be determined by the Board of Supervisors subject to one appraisal conducted within the six months prior to a sale or lease of county real estate. In accordance with the provisions of N.R.S. 244.2795.1(a) and subject to one public hearing the Board may determine these values.

**Applicable Statue, Code, Policy, Rule or Regulation:** N.R.S. 244.2795.1(a) and the Omnibus Public Lands Management Act of 2009.

**Fiscal Impact:** There will be a neutral fiscal impact.

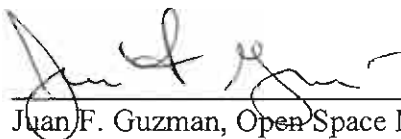
**Explanation of Impact:** The expenses for the appraisal and the revenue from a future sale of the easements or property will be directed to a special account in accordance with the Omnibus Public Lands Management Act of 2009.

**Funding Source:** Open Space accounts

**Alternatives:** Not to set the value

**Supporting Material:**

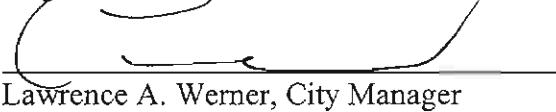
- 1) Partial minutes of the Board of Supervisors meeting on June 21, 2012 (Exhibit A)
- 2) Copy of N.R.S. 244.2795 (Exhibit B)
- 3) Updated Appraisal of a parcel of land located at the southwest corner of Highway 50 East and Asphalt Drive in Carson City, Nevada (Exhibit C)
- 4) Update valuation of the U.S. Highway 50 East and Sheep Drive (Asphalt Drive) property in Carson City, Nevada, as encumbered with existing and proposed easements - dated August 31, 2012 (Exhibit D)
- 5) Updated valuation of proposed easements / U.S. Highway 50 East and Sheep Drive (Asphalt Drive) in Carson City, Nevada, dated August 31, 2012 (Exhibit E)
- 6) Summary Appraisal of a 1.0245 +/- Acre Vacant Parcel of Land, APN 8-523-09, **Dated June 23, 2011** (Exhibit F)

Prepared By:   
Juan F. Guzman, Open Space Manager

Date: 10/10/12

Reviewed By:   
Roger Moellendorf, Parks & Recreation Director


Date: 10/8/12

  
Lawrence A. Werner, City Manager

Date: 10/8/12

  
District Attorney's Office

Date: 10/9/12

  
Finance Department

Date: 10/9/12

**Board Action Taken:**

Motion: \_\_\_\_\_ 1: \_\_\_\_\_ Aye/Nay  
2: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Vote Recorded By)

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18. **RECONVENE BOARD OF SUPERVISORS (11:00:09)** - Mayor Crowell reconvened the Board of Supervisors at 11:00 a.m.

19. **OFFICE OF BUSINESS DEVELOPMENT**

**19(A) POSSIBLE ACTION TO ADOPT A RESOLUTION AUTHORIZING THE EXPENDITURE OF UP TO \$26,275 FROM THE REDEVELOPMENT REVOLVING FUND, FOR FISCAL YEAR 2012 / 2013, TO SUPPORT VARIOUS SPECIAL EVENTS IN THE REDEVELOPMENT DISTRICT AS AN EXPENSE INCIDENTAL TO CARRYING OUT THE REDEVELOPMENT PLAN (11:00:21)** - Mayor Crowell introduced this item, noting the corresponding Redevelopment Authority item, and advised that all the previous testimony would be incorporated. He entertained public comment and, when none was forthcoming, a motion. **Supervisor Aldean moved to approve the expenditure of money from the Redevelopment Authority revolving loan fund, as noted on the record of the Redevelopment Authority meeting; Resolution No. 2012-R-14. Supervisor Abowd seconded the motion. Motion carried 4-1.**

**19(B) POSSIBLE ACTION TO APPROVE AN AMENDMENT TO THE OPERATING COVENANT AND AGREEMENT, BY AND BETWEEN CARSON CITY REDEVELOPMENT AUTHORITY AND CARSON CITY AND THE CARRINGTON COMPANY, TO EXTEND THE TIME IN WHICH A TENANT MUST OCCUPY THE VACANT RETAIL SPACE, FROM JULY 1, 2012 TO DECEMBER 31, 2012 (11:02:09)** - Mayor Crowell introduced this item and advised that all the testimony relative to the previous Redevelopment Authority item would be incorporated. He entertained public comment and, when none was forthcoming, a motion to approve the action taken by the Redevelopment Authority. **Supervisor Aldean so moved. Supervisor McKenna seconded the motion. Motion carried 5-0.** Mayor Crowell recessed the meeting at 11:03 a.m. and reconvened at 11:17 a.m.

20. **PARKS AND RECREATION DEPARTMENT, OPEN SPACE DIVISION**

**20(A) POSSIBLE ACTION TO DETERMINE THE FAIR MARKET VALUE OF APN 008-523-09, CONTAINING 1.02 ACRES, IS \$115,000, AND THAT THE FAIR MARKET VALUE OF EASEMENTS IS \$30,000 FOR COUNTY REAL ESTATE LOCATED IN THE VICINITY OF CAPITOL CITY LOANS AT 5951 HIGHWAY 50 EAST (11:48:47)** - Mayor Crowell introduced this item, and Mr. Guzman requested to combine items 20(A) and 21. He provided background information and reviewed the agenda materials for both items. He explained that the subject actions will provide for "selling easements that protect those encroachments ... on the land that we will eventually put up for public bid ..." He advised that Bureau of Land Management representatives have agreed to allow the City to proceed accordingly. He reiterated the provisions for the property to be sold at fair market value in a public bid process, with the sale proceeds being allocated to the federal government and the State Education Fund. He responded to questions of clarification relative to the appraisal included in the agenda materials. Mayor Crowell entertained Board comments or questions; however, none were forthcoming.

Mayor Crowell entertained public comment. (11:58:09) In reference to his property appraisal experience, Ward 2 Supervisor Candidate Dennis Johnson expressed concern over the appraisal being older than six months. Mr. Guzman acknowledged that valuation of the land is primarily dependent upon comparables and the appraiser's knowledge of the area. "The valuation of the easement is more current; however, the base line of the fee is based on that [which] is more than six months old."

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In response to a question, Mr. Guzman advised that the appraisal was conducted just after approval of the federal lands bill. He acknowledged that the sales proceeds from the easements would be allocated to the Bureau of Land Management. He further acknowledged that the City is following the BLM's process, and advised that the Nevada Revised Statutes are being applied "to the part of the process that we have control." Discussion followed, and Mr. Guzman advised that the appraiser can be requested to revise his data relative to current values. At Mayor Crowell's request, Mr. Johnson referenced NRS 244.2795(1)(a), a copy of which was included in the agenda materials.

(12:04:06) Jerry Vaccaro expressed the opinion that "they're trying to make it look like Mr. Burnaugh has been hoodwinked ... by purchasing a piece of property that his building encroached on." Mr. Vaccaro provided historic information on ownership of the property and the building. He referred to his earlier request to defer this item to a future meeting to provide the opportunity to "bring you proof." He alleged that Mr. Burnaugh has used "City property and not paying one penny of rent or anything" for the past 19 years. In response to a comment, he expressed the opinion that "it would be illegal for you to sell easements to a property which is going to effect the overall value of the total real estate after the fact that you've let him purchase easements." He reiterated the request to defer action on this item and on item 21, and continued reviewing historic information relative to the subject property. He expressed the opinion that selling the easements prior to offering the property for public auction "is backwards." At Supervisor Aldean's request, Mr. Vaccaro expressed a willingness to provide documentation to the District Attorney's Office.

In reference to Dennis Johnson's earlier comments, Supervisor McKenna pointed out that the March 30, 2012 letter included in the agenda materials serves as an addendum to the summary appraisal. (12:13:09) Ward 2 Supervisor Candidate Dennis Johnson clarified his earlier comments relative to the date of valuation in the original appraisal. In response to a question, he explained the significance of the date of valuation.

(12:15:20) Stephen Johnson, of Johnson-Perkins & Associates, introduced himself for the record. In response to a question, he advised that the effective date of valuation is June 23, 2011. "That was the date I prepared the initial appraisal on this property and this assignment has gone on and on and on. ... the value ... is reflective of my opinion of value ... on June 23, 2011." He advised that the sales data would need to be researched to determine any change in the market conditions from one year ago.

Mayor Crowell suggested the necessity of an updated appraisal, and postponed action on the subject item and item 21. In response to a question, Mr. Johnson estimated a summary update could be provided within thirty days. Mayor Crowell entertained additional public comment; however, none was forthcoming.

**20(B) POSSIBLE ACTION TO APPROVE THE RECOMMENDATION OF THE OPEN SPACE ADVISORY COMMITTEE TO PURCHASE APN 007-101-55, CONTAINING 20.25 ACRES, LOCATED AT ASH CANYON AND OWNED BY THE JOOST LAND AND CATTLE COMPANY, INC., AND TO AUTHORIZE THE MAYOR AND STAFF TO EXECUTE DOCUMENTS TO COMPLETE THE TRANSACTION (11:17:32)** - Mayor Crowell introduced this item, and Open Space Property Manager Juan Guzman reviewed the agenda materials in conjunction with displayed maps. In response to a question, Mr. Guzman pointed out the subject property on a map included in the agenda materials. In response to a further question, he advised that the subject property has a conservation reserve zoning designation. In response to a further question, he described the property's

**Exhibit B****NRS 244.279 Sale or lease of right-of-way or water rights to public utility.**

1. A board of county commissioners may sell or lease:
  - (a) A right-of-way to a public utility as defined in NRS 704.020; and
  - (b) Water rights to a public utility engaged in the business of furnishing water for municipal, industrial and domestic purposes to customers within the boundaries of the county, without first offering those rights-of-way or water rights to the public.
2. If a public utility wishes to dispose of any right-of-way or water right acquired pursuant to subsection 1, it must be reconveyed to the county.  
(Added to NRS by 1983, 524)

**NRS 244.2795 Sale or lease of certain real property: Appraisal required; qualifications and selection of appraisers; disclosure statements; interest of appraiser or related person in property or adjoining property prohibited; effect of sale or lease in violation of section.**

1. Except as otherwise provided in NRS 244.189, 244.276, 244.279, 244.2815, 244.2825, 244.2833, 244.2835, 244.284, 244.287, 244.290, 278.479 to 278.4965, inclusive, and subsection 3 of NRS 496.080, except as otherwise required by federal law, except as otherwise required pursuant to a cooperative agreement entered into pursuant to NRS 277.050 or 277.053 or an interlocal agreement in existence on or before October 1, 2004, except if the board of county commissioners is entering into a joint development agreement for real property owned by the county to which the board of county commissioners is a party, except for a lease of residential property with a term of 1 year or less, except for the sale or lease of real property to a public utility, as defined in NRS 704.020, to be used for a public purpose, except for the sale or lease of real property to the State or another governmental entity and except for the sale or lease of real property larger than 1 acre which is approved by the voters at a primary or general election or special election, the board of county commissioners shall, when offering any real property for sale or lease:
  - (a) Except as otherwise provided in this paragraph, obtain two independent appraisals of the real property before selling or leasing it. If the board of county commissioners holds a public hearing on the matter of the fair market value of the real property, one independent appraisal of the real property is sufficient before selling or leasing it. The appraisal or appraisals, as applicable, must have been prepared not more than 6 months before the date on which the real property is offered for sale or lease.
  - (b) Select the one independent appraiser or two independent appraisers, as applicable, from the list of appraisers established pursuant to subsection 2.
  - (c) Verify the qualifications of each appraiser selected pursuant to paragraph (b). The determination of the board of county commissioners as to the qualifications of the appraiser is conclusive.
2. The board of county commissioners shall adopt by ordinance the procedures for creating or amending a list of appraisers qualified to conduct appraisals of real property offered for sale or lease by the board. The list must:
  - (a) Contain the names of all persons qualified to act as a general appraiser in the same county as the real property that may be appraised; and
  - (b) Be organized at random and rotated from time to time.
3. An appraiser chosen pursuant to subsection 1 must provide a disclosure statement which includes, without limitation, all sources of income that may constitute a conflict of interest and any relationship with the real property owner or the owner of an adjoining real property.
4. An appraiser shall not perform an appraisal on any real property for sale or lease by the board of county commissioners if the appraiser or a person related to the appraiser within the first degree of consanguinity or affinity has an interest in the real property or an adjoining property.
5. If real property is sold or leased in violation of the provisions of this section:
  - (a) The sale or lease is void; and
  - (b) Any change to an ordinance or law governing the zoning or use of the real property is void if the change takes place within 5 years after the date of the void sale or lease.
 (Added to NRS by 2005, 1457; A 2005, 2671, 2680; 2007, 2827; 2011, 347, 484)

**NRS 244.281 Sale or lease of certain real property: Determination that sale or lease is in best interest of county; notice; appraisal; exceptions; second offering; effect of sale or lease in violation of section.**

1. Except as otherwise provided in this subsection and NRS 244.189, 244.276, 244.279, 244.2815, 244.2825, 244.2833, 244.2835, 244.284, 244.287, 244.290, 278.479 to 278.4965, inclusive, and subsection 3 of NRS 496.080, except as otherwise required by federal law, except as otherwise required pursuant to a cooperative agreement entered into pursuant to NRS 277.050 or 277.053 or an interlocal agreement in existence on or before October 1, 2004, except if the board of county commissioners is entering into a joint development agreement for real property owned by the county to which the board of county commissioners is a party, except for a lease of residential property with a term of 1 year or less, except for the sale or lease of real property to a public utility, as defined in NRS 704.020, to be used for a public purpose and except for the sale or lease of real property larger than 1 acre which is approved by the voters at a primary or general election or special election:
  - (a) When a board of county commissioners has determined by resolution that the sale or lease of any real property owned by the county will be for purposes other than to establish, align, realign, change, vacate or otherwise adjust any street, alley, avenue or other thoroughfare, or portion thereof, or flood control facility within the county and will be in the best interest of the county, it may:
    - (1) Sell the property in the manner prescribed for the sale of real property in NRS 244.282.
    - (2) Lease the property in the manner prescribed for the lease of real property in NRS 244.283.
  - (b) Before the board of county commissioners may sell or lease any real property as provided in paragraph (a), it shall:
    - (1) Post copies of the resolution described in paragraph (a) in three public places in the county; and
    - (2) Cause to be published at least once a week for 3 successive weeks, in a newspaper qualified under chapter 238 of

**JOHNSON~PERKINS & ASSOCIATES, INC.**

REAL ESTATE APPRAISERS & CONSULTANTS

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Chad Gerken

August 31, 2012

Mr. Juan Guzman  
Open Space Manager  
Carson City Parks and Recreation Department  
3303 Butti Way, Building 9  
Carson City, Nevada 89701

Re: Update Appraisal of a Parcel of Land Located at the Southwest Corner of Highway 50  
East and Asphalt Drive, Carson City, Nevada

Dear Mr. Guzman:

This is in response to your request for an updated appraisal regarding the property located at the southwest corner of Highway 50 East and Asphalt Drive, Carson City, Nevada. The subject property is identified as Carson City Assessor's Parcel Number 008-523-09 and is owned by Carson City. The subject site contains 44,627± square feet or 1.0245± acres of land area.

On July 21, 2011, this firm issued a summary appraisal report addressing the Market Value of the subject property's fee simple estate as of June 23, 2011. The effective date of this update appraisal is August 23, 2012. This update appraisal is intended to be used in conjunction with the original summary appraisal report. The descriptive information and valuation analysis set forth in the original report will not be repeated in this update analysis.

Reno ■ Lake Tahoe

The purpose of this update appraisal is to estimate the Market Value of the subject property's fee simple estate, as of the current date of value. The intended users of the appraisal report include Carson City (the seller) and Mr. William Burnaugh (the potential buyer) and their representatives. The intended use of the appraisal is to assist in establishing a sale price with respect to the subject property. Any other use requires the prior written authorization of this appraisal firm.

This is an update appraisal report that is intended to comply with the Advisory Opinion 3 (AO-3) of the *Uniform Standards of Professional Appraisal Practice*. In an updated appraisal analysis, the appraiser addresses any changes in market conditions and the status of the subject since the effective date of the original appraisal, and analyzes the effect of these changes in arriving at a current value opinion for the subject property.

This update appraisal report has been prepared in accordance with the Assumptions and Limiting Conditions and Certification of Appraiser as set forth in the original appraisal report.

The subject site was inspected on August 9, 2012 by Mr. Johnson and Ms. Fogel and on August 23, 2012 by Ms. Fogel. Based upon our physical inspection of the subject property it appears to be physically unchanged from our original date of valuation. A review of the zoning, master plan and flood zone for the subject indicates that these factors remain the same. Set out following is a summary of salient facts for the subject as of the current date of valuation of August 23, 2012.

**SUMMARY OF SALIENT FACTS AND IMPORTANT CONCLUSIONS**

<b>Property Type</b>	Vacant Land
<b>Location</b>	Southwest corner Highway 50 East and Asphalt Drive, Carson City, Nevada
<b>Legal Description</b>	A portion of the Southeast 1/4 of Section 2, Township 15 North, Range 20 East, M.D.B.&M. as per Parcel Map No. 2636, recorded February 9, 2007 in the Official Records of Carson City, Nevada at File Number 364305.
<b>Assessor's Parcel Number</b>	008-523-09
<b>Owner of Record</b>	According to the Preliminary Title Report Prepared by Northern Nevada Title Company, Order No. 1095634-TO, Title is Vested in Carson City
<b>Zoning</b>	PC (Public Community)
<b>Master Plan</b>	C/RC (Community/Regional Commercial)
<b>Total Land Area</b>	44,627± Square Feet (1.0245± Acres)
<b>Shape</b>	Triangle
<b>Topography</b>	Generally Level
<b>Flood Zone</b>	"X"
<b>Highest and Best Use</b>	Secondary Commercial or Industrial-Commercial Uses
<b>Type of Report</b>	Update Appraisal Report, (Advisory Opinion AO-3)
<b>Completion Date of Report</b>	August 31, 2012
<b>Effective Date of Valuation</b>	August 23, 2012

**FINAL "AS IS" MARKET VALUE CONCLUSION**

**\$145,000**



### UPDATED VALUATION ANALYSIS

In our original appraisal, we utilized a Market Approach to Value to establish the Market Value of the subject property. The Market Approach is based on the principle of substitution which holds that the value of the subject property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability.

As discussed in our original appraisal report, the primary constraints in development of the subject property are its triangular shape and the presence of multiple utility and access easements which traverse the site. It is noted that these include surface, overhead and underground easements. The location and burden of the various easements on the site is considered to limit the subject's developable land area. The subject's triangular shape is also felt to pose constraints on development of the site. Municipal water and sewer service will need to be extended to the site prior to development of the property. Water service is available along the south side of Highway 50 East 1,070± linear feet to the west of the subject. Sewer service is indicated to be available from the intersection of Highway 50 East (south side) and Deer Run Road approximately 1,570 feet to the west of the subject parcel.

Although we did conduct a search in the Carson City area for recent sales of vacant parcels with similar limitations as the subject, no current similar comparable sales were found. As a result, it will be necessary to utilize a multiple step valuation process.

First, the unencumbered fee simple value of the subject's whole parcel will be estimated. In order to estimate the updated unencumbered fee simple value of the subject, we have utilized recent commercial land sales and listings in the subject market area. Once the fee simple value of the subject parcel has been estimated, the value of the subject's net useable land area will be estimated.

In order to estimate an updated value of the subject's land area which is encumbered or has limited use, a percentage factor will be selected which reflects the impact of the

easements encumbering the subject site. The selected factor will then be applied to the unencumbered fee simple value to arrive at an estimate of the market value of the subject owner's remaining interest in the encumbered/limited use portions of the subject site.

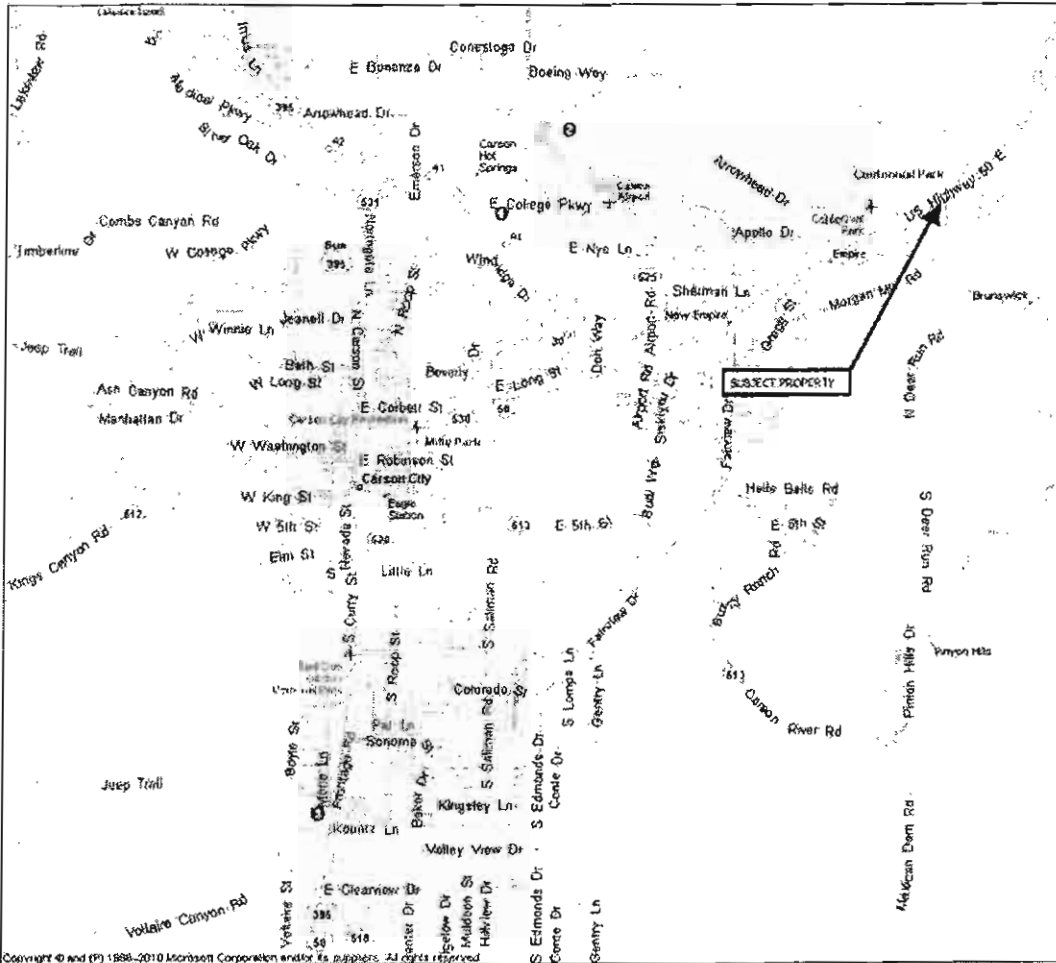
As noted above, neither water nor sewer services have been extended to the subject site. As the vast majority of the comparable sales have all utilities immediately available, for the purposes of this portion of the analysis it has been assumed that the subject also has immediate available of all utilities. Subsequently, an allowance for the cost of extension of water and sewer to the subject will be deducted to arrive at an estimate of the market value of the subject in its "As Is" condition.

To establish an updated estimate of the Market Value of the subject, we have searched the Official Records of Carson City for current sales which have occurred since the date of our original appraisal report. We have also researched current listings of parcels similar to the subject. Summarized following are the current sales and listing.

**UPDATED COMPARABLE LAND SALES CHART**

Sale No.	A.P.N. Location	Sale Date Sale Price	Zoning Topography Flood Zone	Document No. Grantee Terms of Sale	Land Area	Sale Price Per SF
ULS-1 New Sale	008-923-17 E/S Research Way, 295±' S of College Pkwy	05-12-11 \$925,000	LJ Level X500	411870 Nevada Health Centers, LLC Seller Financing	1.64± Ac 71,438± SF	\$12.95
ULS-2 New Sale	005-061-10 Industrial Air Park S/S Lockheed Way, at the S. Terminus of Ryan Way	12-29-11 \$400,000	AIP Level X	418322 Click Bond, Inc Cash	1.96± AC 85,378± SF	\$4.69
ULL-3	Ptn 009-151-60 321 Moses Street, N/S South Curry St., S/S Moses Street, behind Capital Ford Dealership	Current Listing 08-23-12 \$375,000	GC Level AH/D	Owner of Record T & L. Morsani, Et al C/O Campagni Properties N/A	1.03± Ac 44,867± SF	Asking \$8.36
Subject Property	008-523-09 SWC Highway 50 East & Asphalt Dr.	Date of Valuation 08-23-12 ---	PC C/RC Level X	--- ---	1.0245± Ac 44,627± SF	---

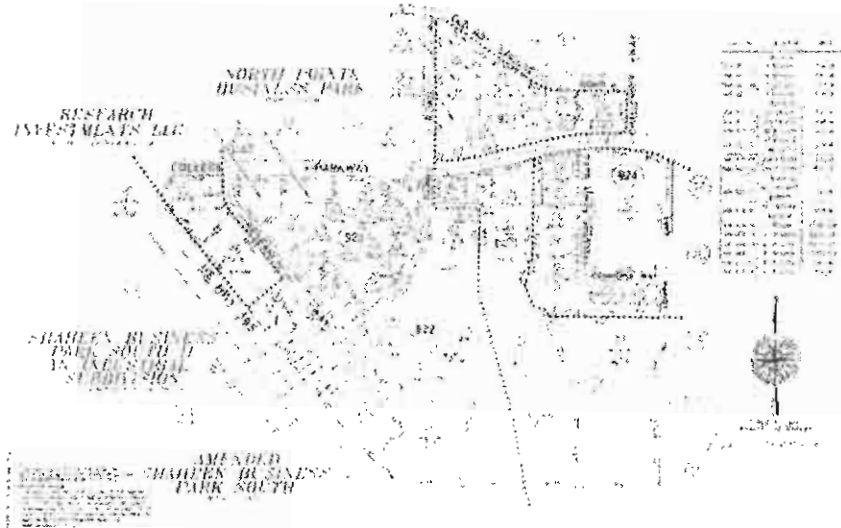
**UPDATED COMPARABLE LAND SALES MAP**



**COMPARABLE LAND SALE ASSESSOR'S MAPS**

PORTION N1/2 SECTION 4, T.15 N., R.20 E., M.D.B. & M.

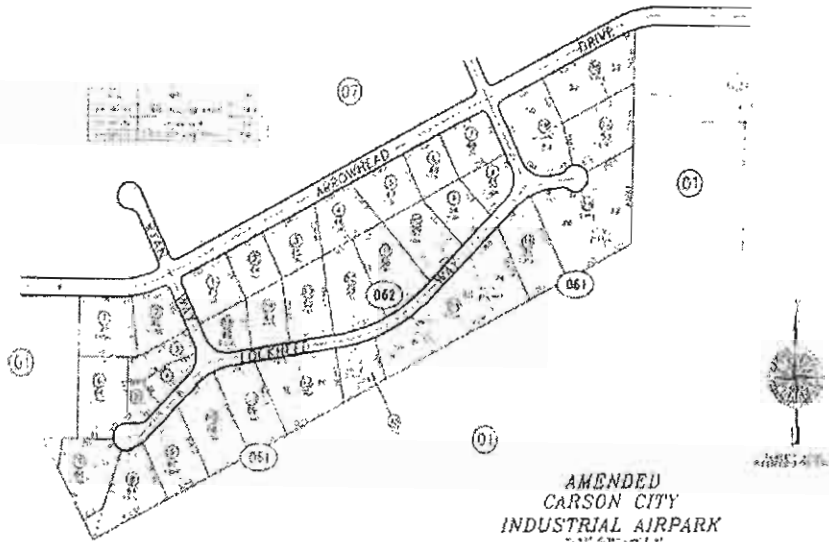
8-92



**SALE ULS-1 (A.P.N. 008-923-17)**

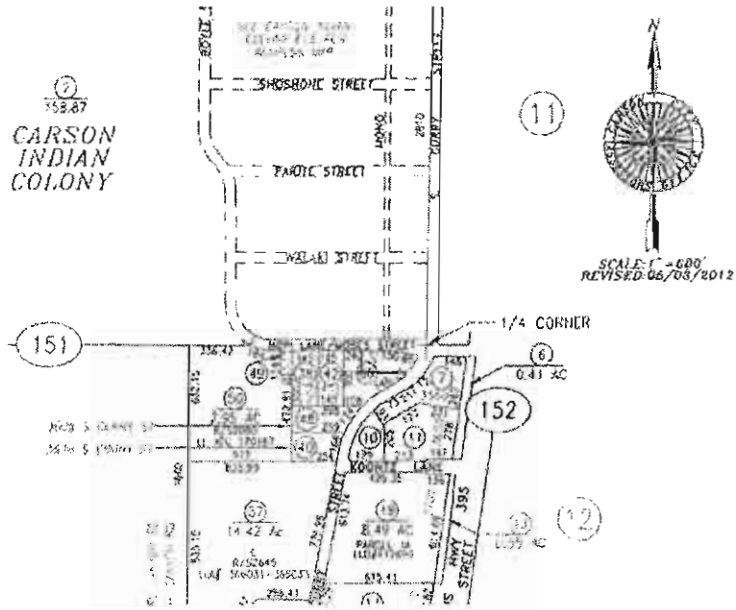
PORTION N1/2 SECTION 4, T.15 N., R.20 E., M.D.B. & M.

5-06



**SALE ULS-2 (A.P.N. 005-061-10)**

**COMPARABLE LAND SALE ASSESSOR'S MAPS**



**LISTING ULL-3 (A.P.N. 009-151-60 Portion)**

**UPDATED COMPARABLE LAND SALES DISCUSSION AND COMPARISON  
(Unencumbered Fee Simple Interest, as of August 23, 2012)**

In this analysis, the unencumbered fee simple value of the subject parcel will be estimated. As the comparable sales have all utilities immediately available, for the purposes of this analysis it has been assumed that the subject also has immediate available of all utilities. Therefore, an allowance for the cost to extend water and sewer to the subject will be deducted to arrive at the market value of the subject in its "As Is" condition.

In analyzing current market conditions, we discussed listings and sales activities with buyers, sellers and brokers. Each of the interviewees indicated that in 2011/2012 the decline in prices for development land had slowed considerably from the dramatic decreases seen in the prior three years. It was the sense of the interviewees that while the real estate market remains soft for development land, that there are some signs of stabilization. Based upon interviews with market participants, and with consideration to the limited sales activity in the land submarket, no adjustments have been made to the 2011 sales for market conditions.

Updated Sale ULS-1 is the May 2011 sale of a 1.64± acre site located on the east side of Research Way, 295± feet south of College Parkway. This parcel was purchased by Nevada Health Centers, LLC and has subsequently been improved with a medical clinic. In comparison to the subject, this comparable is considered to be a very high indicator primarily due to its much superior closer in location proximate to the U.S. 395 Freeway/College Parkway interchange.

Updated Sale ULS-2 is the December 2011 sale of a 1.96± acre parcel located on the south side of Lockheed Way, at the south terminus of Ryan Way. This property is located in the Airport industrial submarket area. This parcel was purchased by the adjoining property owner, Click Bond, Inc. as plottage. This comparable is inferior to the subject as the subject has direct frontage on U.S. Highway 50 East, a major arterial and as the subject is a corner

site and is zoned for commercial uses. Overall, this comparable, at \$4.69 per square foot is felt to be a very low indicator of an appropriate per unit land value for the subject.

Listing ULL-3 is the current listing of 1.03± acres located on the north side of South Curry Street, and the south side of Moses Street in west Carson City. This site is irregular in shape and has level topography. This parcel is located in a Flood Zone AH (High Risk of Flood Hazard) and D (possible, but undetermined flood hazards). This site is situated directly west of the Capital Ford Dealership. Surrounding properties to the west and south are improved with primarily automotive service related operations. In comparison to the subject, this comparable requires a large downward adjustment due to its closer-in location. A downward adjustment is necessary due to this comparable's listing status. On the other hand, upward adjustment is necessary as this comparable is partially situated in a floodplain. An upward adjustment is required due to the subject's frontage on U.S. Highway 50. Overall, this comparable, at \$8.36 per square foot, is considered to be a slightly high indicator of an appropriate per unit land value for the subject.

In summary, Sale ULS-1 at \$12.95 per square foot, is considered to be a very high indicator of an appropriate per square foot value for the subject property. On the other hand, Sale ULS-2, at \$4.69 per square foot, is considered to be a very low indicator of an appropriate per square foot value. Listing ULL-3, at \$8.36 per square foot, was considered to be a slightly high indicator of an appropriate per square foot value for the subject property.

We have also reviewed the sales and valuation analysis as set forth in our original appraisal.

Five sales and four comparable listings were considered in the original appraisal report, indicating a range in prices from \$4.61 to \$11.94 per square foot. A per unit land value applicable to the subject's 1.0245± acre parcel, as of June 23, 2011, was concluded at \$8.00 per square foot.



A review of the records of the Carson City Assessor's offices indicates that none of the listings utilized in our original report had sold as of the current date of valuation. The asking prices for three of the four listings utilized remain unchanged as of a current date of valuation. The asking price for Listing LL-8 has been reduced from \$9.62 to \$8.50 per square foot.

As discussed in our original appraisal, Listings LL-6 and LL-7, at \$15.00 and \$16.03 per square foot, were considered to be extremely high indicators primarily due to their locations at a signalized intersection at two arterial roadways, listing status, and superior shape.

Listing LL-8, now at \$8.50 per square foot, is considered to be a high indicator of an appropriate per unit land value for the subject due to its closer-in location, listing status and superior shape.

Listing LL-9, at \$6.01 per square foot, was considered to be a low indicator of an appropriate per unit land value for the subject primarily due to its interior situs, lacking direct street frontage and exposure, and its inferior access

#### **Summary and Updated Conclusion**

In estimating an appropriated per square foot land value for the subject, consideration has been given to its Highway 50 East frontage, corner situs and access. Consideration is given to its level topography, size and other physical characteristics. Consideration is also given to its location on the outskirts of northeast Carson City and its triangular shape. Consideration is also given to the limited demand for development land and current real estate market conditions.

Based upon a review of the available data, and with consideration given to the analysis as set forth above, it is our opinion that our value of \$8.00 per square foot, as estimated in our original report, is still applicable to the subject's land area, as of a current date of value.

As previously discussed, the subject property is currently encumbered with multiple existing public utility and access easements. The next step in this analysis is to apply a percentage factor to the subject's unencumbered fee simple value which reflects the impact of the easements encumbering the subject site. The selected factor of 50%, as derived in our original report, is applied to the unencumbered fee simple value to arrive at an estimate of the market value of the subject owner's remaining interest in the encumbered/limited use portions of the subject site.

Calculations prepared by Tri State Surveying indicate that the subject's useable land area is indicated to be 22,504± square feet. The remaining 22,123± square feet constitutes the land area which is either encumbered or has very limited use.

Set out following is a summary of the values of the various components of the subject parcel, assuming immediate availability of utilities.

**Land Value Indications - With Utilities to Site**

Total Useable Land Area		
22,504± Square Feet x \$8.00/SF		\$180,032
Total Encumbered and Limited Use Land Area		
22,123± Square Feet x \$8.00/SF @ 50%*		<u>\$88,492</u>
		\$268,524
<b><u>Total Land Value (Rounded)</u></b>		<b>\$270,000</b>
<b>(As Encumbered by Existing Easements)</b>		

\*Property Owner's Remaining Interest as Encumbered

In the immediately preceding analysis, it has been assumed that municipal water and sewer service has been extended to the subject site. In discussions with Jeff Sharp, P.E., City Engineer with the Carson City Public Works Department, it was indicated that neither municipal water nor sewer service have been extended to the subject parcel. As the subject site is zoned for commercial uses, prior to development, water and sewer service would be required to be extended to the site.

In our original report an estimate of the total cost to extend water and sewer service to the subject of \$188,000 was provided by the Carson City Public Works Department. In recent discussion with Jeff Sharp, P.E., it was indicated that the cost estimate is still applicable as of a current date.

As outlined in our original report, it is our opinion that a perspective buyer of the subject property would deduct an allowance of 60% to 70% of the cost of extending these utilities, with the anticipation that one or more of the intervening ownerships would pay for the remaining costs. Applying the 60% to 70% factor range to the \$188,000 estimated cost, results in an estimate of the cost which would be the responsibility of the subject property owners of \$112,800 to \$131,600, which is correlated to \$125,000.

Deducting the cost of the extension of municipal water and sewer to the subject from the total underlying fee simple land value of \$270,000, results in a Market Value estimate for the subject in its "As Is" condition as of August 23, 2012, of \$145,000.

The \$145,000 conclusion results in an overall per square foot value for the subject's 44,627± square foot parcel of \$3.25 per square foot.

As a check of reasonableness as to the per square foot value for the subject, we have reviewed the land sales utilized earlier in this report as well as the sales data from our original report. Sale LS-4 from our original report is located in the immediate neighborhood, to the north of the subject, and is considered most similar to the subject as to the availability of utilities. However, the site is currently served by a septic system and a well, requiring a downward adjustment. This property sold in May of 2010 for \$4.77 per square foot of land area. This parcel is improved with an older metal industrial building which can provide interim income to the site, requiring a downward adjustment.

We have also reviewed a current listing in the immediate subject neighborhood. A 6.5± acre industrial site, located on the south side of Sheep Drive, 650± feet north of Highway 50 East, is currently available at an asking price of \$2.91 per square foot. This site was previously used by Granite Construction and is improved with a 3,000± square foot maintenance/shop structure and two smaller buildings that were utilized as office space with restroom facilities. This listing is similar to the subject as to the availability of utilities. In comparison to the subject, this parcel is much larger in size than the subject, but does include some building improvements. This property is inferior to the subject as is located off the highway and is zoned for industrial uses.


These comparables indicate a range of \$2.91 to \$4.77 per square foot of land area. Overall, the \$3.25 per square foot value indication for the subject falls within the range indicated by these comparables and is considered reasonable.

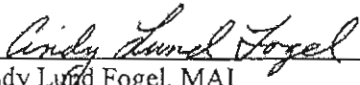
This update letter is an addendum to our original report and is intended to be used in conjunction with the initial appraisal. The real property, which is the subject of this update letter, was valued, as of August 23, 2012, as follows:

**FINAL UPDATED 'AS IS' MARKET VALUE CONCLUSION**  
(As of August 23, 2012)

**\$145,000**

Respectfully submitted,

  
\_\_\_\_\_  
Stephen R. Johnson, MAI, SREA  
Nevada Certified General Appraiser  
License Number A.0000003-CG

  
\_\_\_\_\_  
Cindy Lynn Fogel, MAI  
Nevada Certified General Appraiser  
License Number A.0002312-CG

**SUBJECT PHOTOGRAPHS**

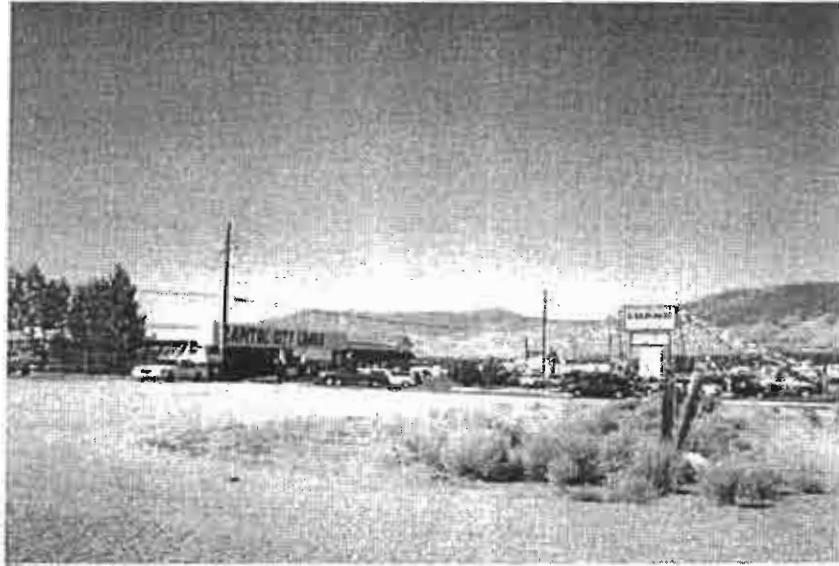


**VIEW LOOKING WESTERLY ALONG HIGHWAY 50 EAST IN THE VICINITY  
OF THE SUBJECT**



**VIEW LOOKING SOUTHERLY ALONG ASPHALT DRIVE FROM NEAR  
HIGHWAY 50 ADJACENT TO THE SUBJECT**

**SUBJECT PHOTOGRAPHS**



**VIEW LOOKING SOUTHWESTERLY TOWARD THE SUBJECT FROM ASPHALT DRIVE**



**VIEW LOOKING WESTERLY TOWARD THE SUBJECT FROM ASPHALT DRIVE**

**SUBJECT PHOTOGRAPHS**



**VIEW LOOKING EASTERLY TOWARD THE EAST PORTION OF  
THE SUBJECT SITE**



**VIEW LOOKING EASTERLY TOWARD THE CENTRAL PORTION OF  
THE SUBJECT SITE**

**SUBJECT PLOT MAP**  
(A.P.N. 008-523-09)

8-52

SECTION 2  
T13S, R20E, M2B & M



**Subject Property**  
**Revised Total Land Area: 44,627± Square Feet (1.0245± Acres)**

Reno ■ Lake Tahoe

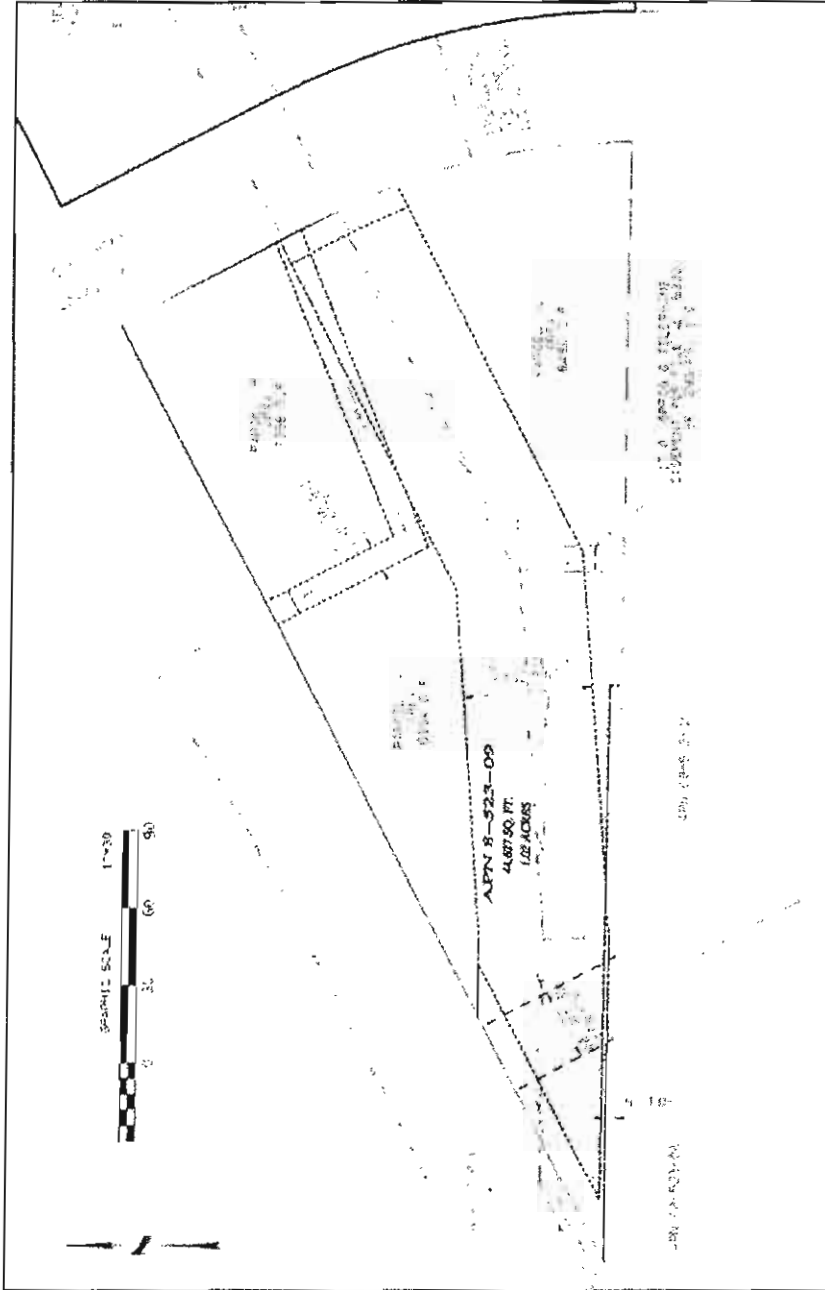


**SUBJECT EXHIBIT MAP**  
(Tri State Surveying)



**Subject Outlined in Yellow**

**SUBJECT EXHIBIT MAP**  
(Tri State Surveying)



**Subject Outlined in Yellow**

— Reno ■ Lake Tahoe

**APPRAISER'S CERTIFICATION**

Each of the undersigned do hereby certify that, unless otherwise noted in this appraisal report:

- We have made a personal inspection of the property that is the subject of this report.
- We have no present or contemplated future interest in the real estate that is the subject of this appraisal report.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- To the best of our knowledge and belief, the statements of fact contained in this appraisal report, upon which the analysis, opinions, and conclusions herein are based, are true and correct.
- This report sets forth all the limiting conditions (imposed by the terms of my assignment or by the undersigned) affecting the analysis, opinions, and conclusions contained in this report.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute*, which include the *Uniform Standards of Professional Appraisal Practice*.
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- The appraisal was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- No one other than the undersigned prepared the analyses, conclusions and opinions concerning real estate that are set forth in this appraisal report.

- The Appraisal Institute conducts a mandatory program of continuing education for its designated members. As of the date of this report, Stephen R. Johnson and Cindy Lund Fogel have completed the requirements under the continuing education program of the Appraisal Institute.
- We have the knowledge, the experience and the geographic competency to complete this appraisal assignment and have appraised this property type before.
- Neither we nor our current employer have been sued by a regulatory agency or financial institution for fraud or negligence involving appraisal services.
- This appraisal firm has performed a previous appraisal involving the subject property within the three years prior to this assignment.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- This is an update appraisal report that is intended to comply with the Advisory Opinion 3 (AO-3) of the Uniform Standards of Professional Appraisal Practice. It is intended that this update appraisal report be utilized in conjunction with the original summary appraisal report of the subject property, which was prepared by this appraisal firm on July 21, 2011, with an effective date of June 23, 2011.

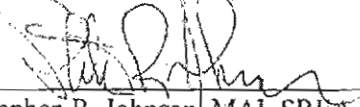
After careful consideration of all data available, and upon thorough personal investigation of the subject property and the comparable properties analyzed, it is our opinion that the Market Value of the subject property's fee simple estate, as of August 23, 2012, is set out as follows:

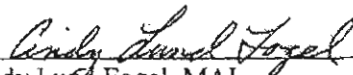
**FINAL UPDATED MARKET VALUE CONCLUSION**

**\$145,000**

(Fee Simple Market Value As Of August 23, 2012)

Respectfully submitted,

  
\_\_\_\_\_  
Stephen R. Johnson MAI, SREA  
Nevada Certified General Appraiser  
License Number A.0000003-CG

  
\_\_\_\_\_  
Cindy Lund Fogel, MAI  
Nevada Certified General Appraiser  
License Number A.0002312-CG

**JOHNSON-PERKINS & ASSOCIATES, INC.**  
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Karen K. Sanders  
Gregory D. Ruzzine  
Chad Gerken

August 31, 2012

Mr. Juan Guzman  
Open Space Manager  
Carson City Parks and Recreation Department  
3303 Butti Way, Building 9  
Carson City, Nevada 89701

Re: Update Valuation of the U.S. Highway 50 East and Sheep Drive (Asphalt Drive)  
Property, Carson City, Nevada as Encumbered with Existing and Proposed Easements

Dear Mr. Guzman:

This is in response to your request for an updated valuation of the property situated on the southwest corner of U.S. Highway 50 and Sheep Drive (Asphalt Drive), Carson City, Nevada. You requested that this update valuation address the value of the subject property as encumbered with the existing and proposed easements. The subject property is identified as Carson City Assessor's Parcel Number 008-523-09 and is owned by Carson City. The subject site contains a total land area of 44,627± square feet or 1.0245± acres of land area. Although there are a number of existing easements encumbering the subject property, Carson City is currently considering granting additional easements which will further encumber the subject property. The proposed easements include a Building Easement, Parking Easement, a Display and Sign Easement, and an Access and Drainage Easement.

On July 21, 2011, this firm issued a summary appraisal report addressing the Market Value of the subject property. We subsequently conducted an updated appraisal with an effective date of valuation of August 23, 2012. These appraisals addressed the subject property as encumbered by the existing easements. Based upon the analysis set forth in the updated appraisal, the Market Value of the subject property, in its "As-Is" condition as of August 23, 2012, was estimated to be \$145,000. It is noted that the Market Value conclusions for the subject property, as of the effective updated date of valuation, remain the same as set forth in the original summary appraisal report.

Reno ■ Lake Tahoe

On March 30, 2012 this firm issued a supplemental letter to the original summary appraisal report addressing the value of the subject property as encumbered with the existing and proposed easements. The effective date of valuation was June 23, 2011, the date utilized in the original summary report. This letter is intended to be an addendum to the original summary appraisal, the updated appraisal report and the supplemental letter. It is assumed that the reader has access to and has carefully reviewed the original summary appraisal report, the updated appraisal as well as the supplemental letter, as a result, the descriptive information and valuation analyses set forth in the prior appraisal analyses will not be repeated in this update letter.

The purpose of this update letter is to establish the Market Value of the subject property as encumbered by the existing easements and the proposed new easements, as of a current date of valuation. The intended use of this updated valuation analysis is to assist Carson City in establishing a price for possible sale of the subject property as encumbered by the existing easements and further being encumbered by the new proposed easements. This valuation analysis assumes that the new easements are in place and do encumber the subject property. As the original summary appraisal report addressed the market value of the subject property as encumbered by the existing easements, while the supplemental letter of March 30, 2012 focused on the valuation of the underlying fee interest of the areas within the new proposed easements. Detailed descriptions of the proposed new easements and valuation analyses are set out in the supplemental letter.

The proposed easements involve a Building Easement containing 424± square feet, a Parking Easement which will involve 1,169± square feet, a Display and Sign Easement which will encumber 5,555± square feet and an Access and Drainage Easement which will encumber 5,614± square feet. The above land area calculations have been prepared by Ken Iwamura, P.L.S., with Tri State Surveying LTD, of Carson City, Nevada. For the purposes of this valuation analysis, it is assumed that the land area calculations as provided by Tri State Surveying LTD are accurate.

As previously noted, the Market Value conclusions for the subject property, as of the August 23, 2012 updated date of valuation, remain the same as set forth in the original summary appraisal report.

Based upon a careful review of our supplemental letter of March 30, 2012 and update analysis, it is our opinion that the Market Value of the subject property as encumbered with existing and proposed easements, as of August 23, 2012, remain the same as set forth in the supplemental letter at \$115,000. Set out following is a chart summarizing the valuation of the subject property as encumbered by the existing and proposed easements.

remaining area, which was previously encumbered, was estimated to have a value of \$51,152. The total value of the subject property as encumbered with the existing and proposed easements is \$212,985, which has been rounded to \$215,000. This value does not include consideration of the allocation for the cost of extending water and sewer. Deducting the proportional allowance for water and sewer extension of \$100,000 results in an indicated value of the subject property as encumbered with the existing and proposed easements of \$115,000.


Based upon a careful review and analysis of all data available and these appraisers' understandings of the intent of the proposed easements, it is these appraisers' opinion that the Market Value of the subject property as encumbered with existing and proposed easements, as of August 23, 2012, is \$115,000.

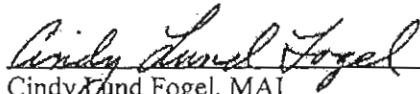
**UPDATED FINAL MARKET VALUE CONCLUSION** **\$115,000**  
(As Encumbered by the Existing & Proposed Easements as of August 23, 2012)

The reader is reminded that this updated valuation analysis is intended to be an addendum to the original summary appraisal, the updated appraisal report and the supplemental letter addressing the value of the subject property, as encumbered with existing and proposed easements, therefore, this letter should only be utilized in conjunction with the prior appraisals.

We appreciate the opportunity of preparing this appraisal and should you have any additional questions, please do not hesitate to contact us.

Respectfully Submitted,

  
Stephen R. Johnson, MAI, SREA  
Nevada Certified General Appraiser  
License Number A.0000003-CG

  
Cindy Lund Fogel, MAI  
Nevada Certified General Appraiser  
License Number A.0002312-CG

## JOHNSON-PERKINS & ASSOCIATES, INC.

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Karen K. Sanders  
Gregory D. Ruzzine  
Clad Gerken

August 31, 2012

Mr. Juan Guzman  
Open Space Manager  
Carson City Parks and Recreation Department  
3303 Butti Way, Building 9  
Carson City, Nevada 89701

Re: Update Valuation of Proposed Easements/U.S. Highway 50 East and Sheep Drive  
(Asphalt Drive), Carson City, Nevada

Dear Mr. Guzman:

This is in response to your request for an updated valuation of the proposed easements which are planned to be placed on the property situated on the southwest corner of U.S. Highway 50 and Sheep Drive (Asphalt Drive), Carson City, Nevada. The subject property is identified as Carson City Assessor's Parcel Number 008-523-09 and is owned by Carson City. The subject site contains a total land area of 44,627± square feet or 1.0245± acres of land area. Although there are a number of existing easements encumbering the subject property, Carson City is currently considering granting additional easements which will further encumber the subject property. The proposed easements include a Building Easement, Parking Easement, a Display and Sign Easement, and an Access and Drainage Easement.

On July 21, 2011, this firm issued a summary appraisal report addressing the Market Value of the subject property. We subsequently conducted an updated appraisal with an effective date of valuation of August 23, 2012. These appraisals addressed the subject property as encumbered by the existing easements. Based upon the analysis set forth in the updated appraisal, the Market Value of the subject property, in its "as-is" condition as of August 23, 2012, was estimated to be \$145,000. It is noted that the Market Value conclusions for the subject property, as of the effective updated date of valuation, remain the same as set forth in the original summary appraisal report.

Reno ■ Lake Tahoe



On March 30, 2012 this firm issued a supplemental letter to the original summary appraisal report addressing the proposed easements which are planned to be placed on the subject property. The effective date of valuation was June 23, 2011, the date utilized in the original summary report. This letter is intended to be an addendum to the original summary appraisal, the updated appraisal report and the supplemental letter. It is assumed that the reader has access to and has carefully reviewed the original summary appraisal report, the update appraisal as well as the supplemental letter, as a result, the descriptive information and valuation analyses set forth in the prior appraisal analyses will not be repeated in this update letter.

The purpose of this letter is to update the estimated Market Value of the proposed new easements as they relate to the subject property. The intended use of this update valuation analysis is to assist Carson City in establishing a price for possible sale of the easements to an adjacent property owner.

The proposed easements involve a Building Easement containing 424± square feet, a Parking Easement which will involve 1,169± square feet, a Display and Sign Easement which will encumber 5,555± square feet and an Access and Drainage Easement which will encumber 5,614± square feet. The above land area calculations have been prepared by Ken Iwamura, P.L.S., with Tri State Surveying LTD, of Carson City, Nevada. For the purposes of this valuation analysis, it is assumed that the land area calculations as provided by Tri State Surveying LTD are accurate. For a detailed description of the proposed new easements the reader is referred to the supplemental letter of March 30, 2012 addressing the valuation of the proposed easements.

As previously noted, the Market Value conclusions for the subject property, as of the August 23, 2012 updated date of valuation, remain the same as set forth in the original summary appraisal report.

Based upon a careful review of our supplemental letter of March 30, 2012 and update analysis, it is our opinion that the Market Value of the proposed new easements, as part of the subject's larger parcel, as of August 23, 2012, remain the same as set forth in the supplemental letter at \$30,000. Set out following is a chart summarizing the valuation of the subject's four proposed easement areas and a final estimate of the value of these easements.

**Summary of Valuation of Proposed Easements**

Proposed Building Easement (424± sf @ \$8.00 x 95%)		\$ 3,222
Proposed Parking Easement (1,169± sf @ \$8.00 x 50% x 90%)		\$ 4,208
Proposed Display Sign Easement Previously Encumbered (3,854± sf @ \$8.00 x 50% x 90%)	\$ 13,874	
Not Previously Encumbered (1,701± sf @ \$8.00 x 90%)	\$ 12,247	
Value of Display and Sign Easement		\$ 26,121
Proposed Access and Drainage Easement Previously Encumbered (4,133± sf @ \$8.00 x 50% x 80%)	\$ 13,226	
Not Previously Encumbered (1,481± sf @ \$8.00 x 80%)	\$ 9,478	
Value to Access and Drainage Easement		\$ 22,704
Total Value (Before Water and Sewer)		\$ 56,255
Rounded To		\$ 55,000
Less Allowance for Water and Sewer Extensions		\$ (25,000)
Final Value Conclusion of Proposed Easements		<u>\$ 30,000</u>

As is set out on the previous chart, the value of the subject's proposed Building Easement was estimated to be \$3,222; the value of the Parking Easement was estimated to be \$4,208; the value of the proposed Display and Sign Easement was estimated to be \$26,121; and the value of the proposed Access and Drainage Easement was estimated to be \$22,704. This totaled an indicated value for the subject's four proposed easements of \$56,255, which was rounded to \$55,000. Deducting the proportional allowance for water and sewer extensions of \$25,000, results in a final indication of the value of the subject's proposed easements of \$30,000.

Based upon a careful review and analysis of all data available and these appraisers' understandings of the intent of the proposed easements, it is our opinion that the Market Value, as part of the subject's larger parcel, as of August 23, 2012, is \$30,000.

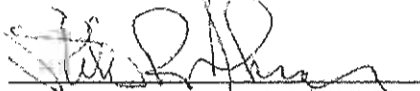
**FINAL UPDATED MARKET VALUE CONCLUSION**  
**(Four Proposed Easements as of August 23, 2012)**

**\$30,000**

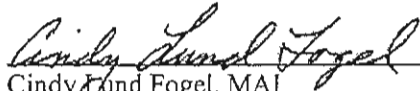
The reader is reminded that this updated valuation analysis is intended to be an addendum to the original summary appraisal, the updated appraisal report and the supplemental letter addressing the proposed new easements, therefore, this letter should only be utilized in conjunction with the prior appraisals.

We appreciate the opportunity of preparing this appraisal and should you have any additional questions, please do not hesitate to contact us.

Respectfully Submitted,



Stephen R. Johnson, MAI, SREA  
Nevada Certified General Appraiser  
License Number A.0000003-CG



Cindy Lund Fogel, MAI  
Nevada Certified General Appraiser  
License Number A.0002312-CG

A Summary Appraisal  
Of A

**1.0245± Acre Vacant Parcel Of Land**

Located At

The Southwest Corner of Highway 50 East and Asphalt Drive,  
Carson City, Nevada  
A.P.N. 008-523-09

Owned By

Carson City

Prepared For

Carson City

For the purpose of  
Estimating Market Value

As of

June 23, 2011

# JOHNSON~PERKINS & ASSOCIATES, INC.

REAL ESTATE APPRAISERS & CONSULTANTS

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E-mail: [jpreno@johnsonperkins.com](mailto:jpreno@johnsonperkins.com) ■ [jpatahoe@johnsonperkins.com](mailto:jpatahoe@johnsonperkins.com)

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Benjamin Q. Johnson, MAI

Karen K. Sanders  
Gregory D. Ruzzine  
Chad Gerken

July 21, 2011

Mr. Juan Guzman  
Open Space Manager  
Carson City Parks and Recreation Department  
3303 Butti Way, Building 9  
Carson City, Nevada 89701

Re: A Parcel of Land Located at the Southwest Corner of Highway 50 East and Asphalt Drive, Carson City, Nevada

This is in response to your request for a summary appraisal of a property located at southwest corner of Highway 50 East and Asphalt Drive, Carson City, Nevada. The subject property is identified as Carson City Assessor's Parcel Number 008-523-09 and is owned by Carson City. The subject site contains 44,627± square feet or 1.0245± acres of land area. The subject property will be more thoroughly described in the following report.

This is a summary appraisal report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a summary appraisal report. As such, it presents only summary discussion of the data, reasoning and analyses that were used in the appraisal process to develop our opinion of value. Supporting documentation concerning the data, reasoning and analyses is retained in these appraisers' file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use as stated herein. This appraisal firm is not responsible for unauthorized use of this report.

Reno ■ Lake Tahoe

**JOHNSON-PERKINS & ASSOCIATES, INC.**  
REAL ESTATE APPRAISERS & CONSULTANTS

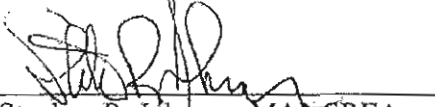
It is our understanding that you are requesting an estimate of the Market Value of the fee simple interest of the subject property as of a current date of valuation. The intended use of the appraisal is to assist in establishing a sale price with respect to the subject property. The intended users of the appraisal report include Carson City (the seller) and Mr. William Burnaugh (the potential buyer) and their representatives. Any other use of the appraisal report requires the prior written authorization of this appraisal firm.

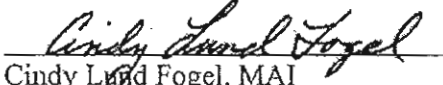
After careful consideration of all data available, and upon thorough personal investigation of the subject property and comparable properties analyzed, it is our opinion that the Market Value of the subject property, as of June 23, 2011, is as follows:

**FINAL "AS IS" MARKET VALUE CONCLUSION**

**\$145,000**

Respectfully submitted,

  
Stephen R. Johnson, MAI, SREA  
Nevada Certified General Appraiser  
License Number A.0000003-CG

  
Cindy Lynn Fogel, MAI  
Nevada Certified General Appraiser  
License Number A.0002312-CG

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Addenda

**SUMMARY OF SALIENT FACTS AND IMPORTANT CONCLUSIONS**

<b>Property Type</b>	Vacant Land
<b>Location</b>	Southwest corner Highway 50 East and Asphalt Drive, Carson City, Nevada
<b>Legal Description</b>	A portion of the Southeast 1/4 of Section 2, Township 15 North, Range 20 East, M.D.B.&M as per Parcel Map No. 2636, recorded February 9, 2007 in the Official Records of Carson City, Nevada at File Number 364305.
<b>Assessor's Parcel Number</b>	008-523-09
<b>Owner of Record</b>	According to the Preliminary Title Report Prepared by Northern Nevada Title Company, Order No. 1095634-TO, Title is Vested in Carson City
<b>Zoning</b>	PC (Public Community)
<b>Master Plan</b>	C/RC (Community/Regional Commercial)
<b>Total Land Area</b>	44,627± Square Feet (1.0245± Acres)
<b>Shape</b>	Triangle
<b>Topography</b>	Generally Level
<b>Flood Zone</b>	
<b>FEMA Map Number</b>	3200010104E
<b>Effective Date</b>	January 16, 2009
<b>Flood Zone</b>	"X"
<b>Highest and Best Use</b>	Secondary Commercial or Industrial-Commercial Uses
<b>Type of Report</b>	Summary Appraisal Report
<b>Completion Date of Report</b>	July 21, 2011
<b>Effective Date of Valuation</b>	June 23, 2011

**FINAL "AS IS" MARKET VALUE CONCLUSION**

**\$145,000**



### **PURPOSE OF APPRAISAL**

This appraisal was prepared for the purpose of estimating the Market Value of the subject property as of a current date of valuation.

### **INTENDED USE OF APPRAISAL**

The intended users of the appraisal report include Carson City (the seller) and Mr. William Burnaugh (the potential buyer) and their representatives. The intended use of the appraisal report is to assist the client, Carson City, in establishing a reasonable sale price for the subject property. Any other use of the appraisal report requires the prior written authorization of this appraisal firm.

### **SCOPE OF APPRAISAL**

The preparation of this appraisal included:

- Identification, inspection and analysis of the subject property;
- Meetings with representatives of Carson City, the property owners, Tri State Surveying and Ms. Connie Muir, a representative of Mr. William Burnaugh, the potential buyer;
- Identification and analysis of the subject neighborhood;
- Completion of a Highest and Best Use Analysis;
- Research and analysis of recent comparable land sales and listings;
- Completion of a Sales Comparison Approach Analysis, utilizing a Price Per Square Foot Analysis;
- Correlation of the value indications to arrive at the "As Is" Market Value of the subject property as of the effective date of valuation;
- Preparation of a summary appraisal report.

### **MARKET VALUE DEFINED**

Market Value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- 1) Buyer and seller are typically motivated;
- 2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- 3) A reasonable time is allowed for exposure in the open market;
- 4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by any one associated with the sale.<sup>1</sup>

### **“AS-IS” MARKET VALUE**

The “As-Is” Market Value of the subject property is the condition observed upon the day of inspection and as it physically and legally exists without hypothetical conditions, assumptions or qualifications.

### **PROPERTY RIGHTS APPRAISED**

The subject property is appraised as held in fee simple ownership. Fee simple estate is defined as “Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”<sup>2</sup>

<sup>1</sup> The Dictionary of Real Estate Appraisal, Fifth Edition; Appraisal Institute; 2010.

<sup>2</sup> Source: The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, 2010.

**EFFECTIVE DATE OF VALUATION**

The opinions of value, as set forth in this report, apply as of June 23, 2011.

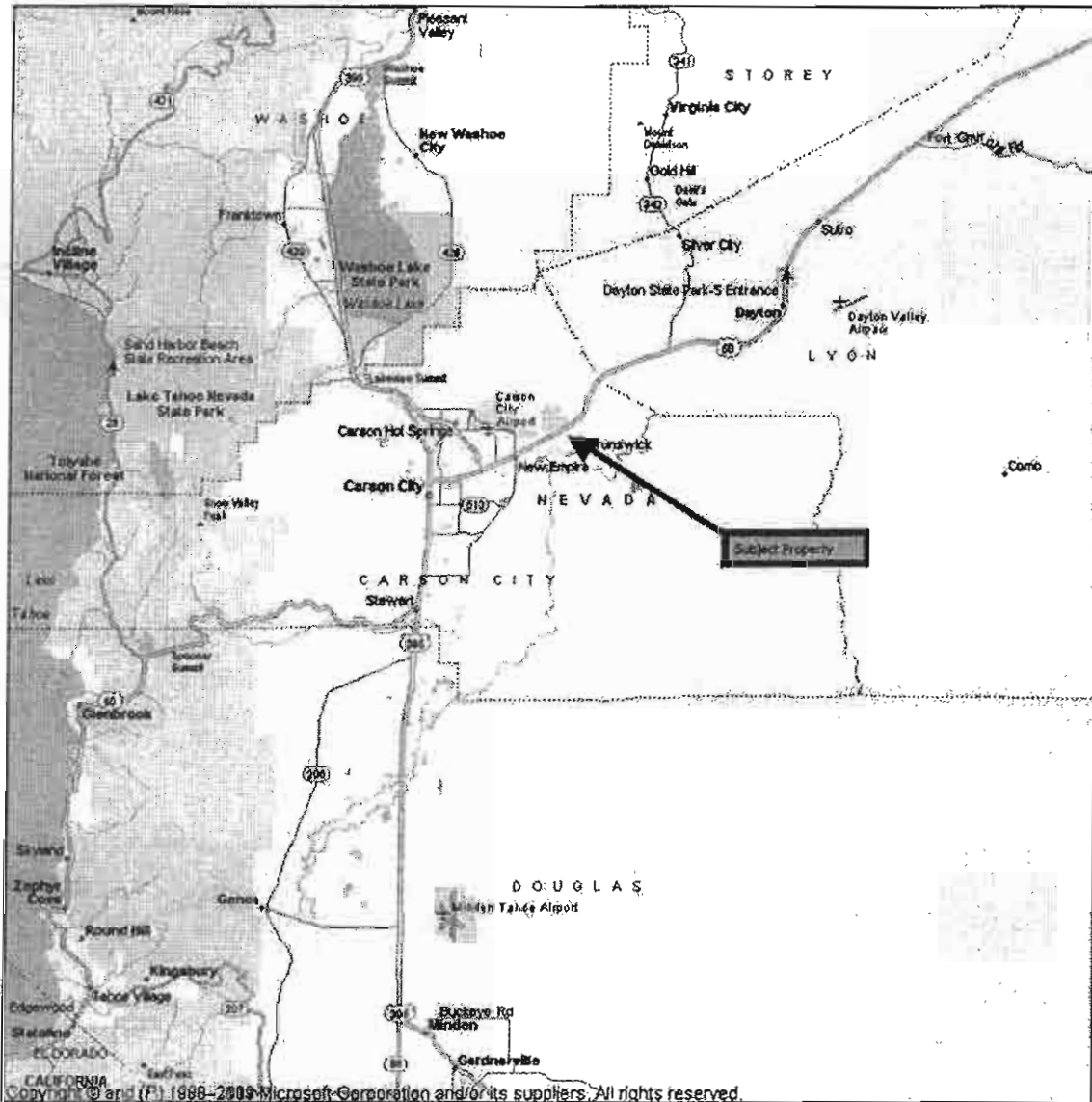
**COMPLETION DATE OF REPORT**

This appraisal report was completed on July 21, 2011.

**TYPE OF REPORT**

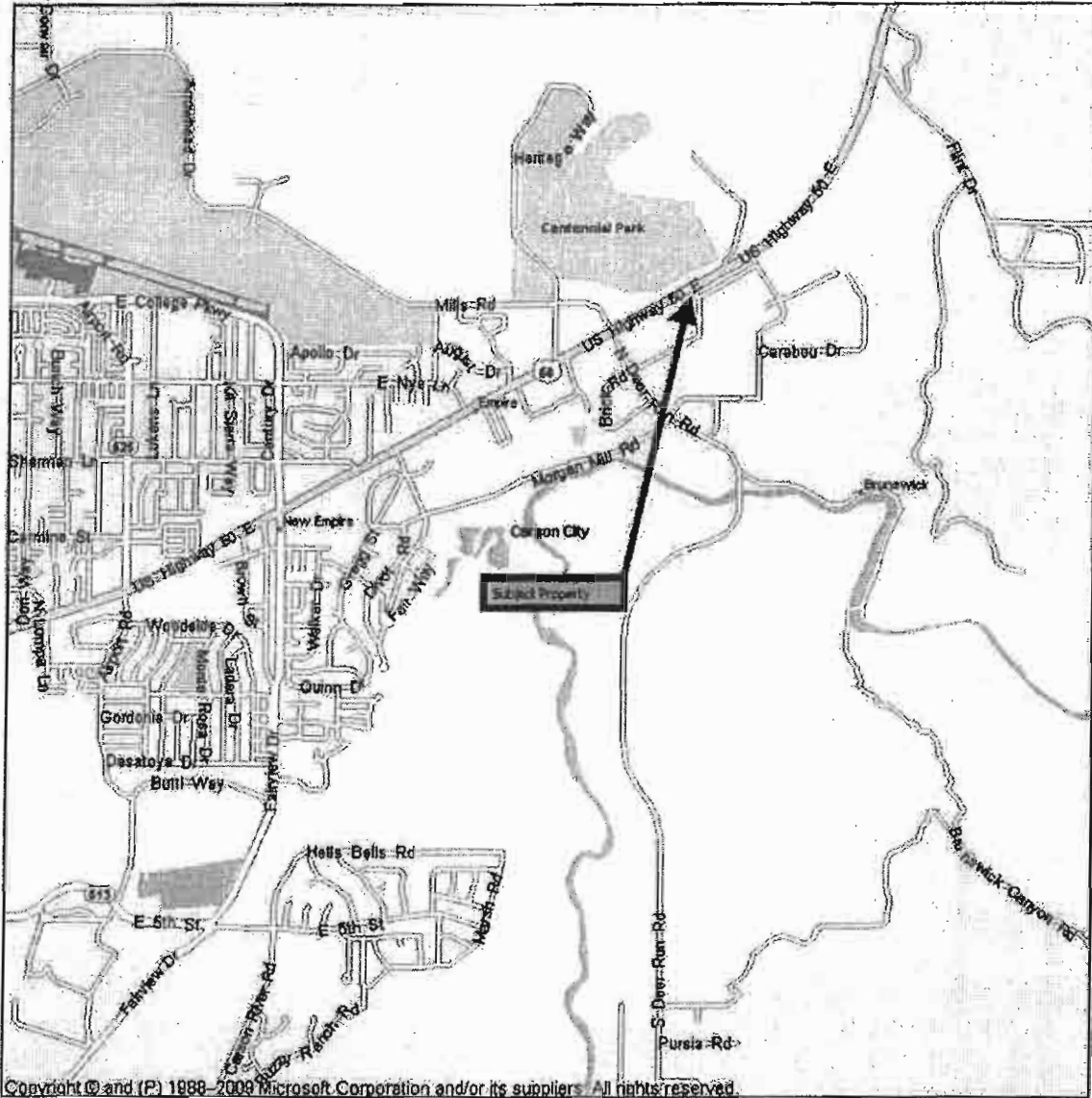
This is a summary appraisal report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a summary appraisal report. As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning and analyses is retained in these appraisers' file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use as stated herein. The appraisers are not responsible for unauthorized use of this report.

**CARSON CITY AREA MAP**



Reno ■ Lake Tahoe

**NEIGHBORHOOD MAP**



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Reno ■ Lake Tahoe

### NEIGHBORHOOD DESCRIPTION

The subject neighborhood is located in the northeastern portion of Carson City. The subject neighborhood is generally formed by Airport Road to the west, Arrowhead Drive to the north, the city limits to the east, and Morgan Mill Road to the south.

Major roadways in the subject neighborhood include U.S. Highway 50, also known as East William Street, South Edmonds/Fairview Drive and Arrowhead Drive. Airport Road, which forms the westerly boundary of the subject neighborhood, becomes College Parkway near the Carson City Airport.

U.S. Highway 50 intersects with North Carson Street (U.S. Highway 395), just north of the downtown casino core area. This roadway provides access to the residential areas in eastern Carson City as well as to Moundhouse, Virginia City, Dayton, Silver Springs and Fallon. Most of the development on U.S. Highway 50 includes retail-commercial uses, office uses and some limited residential utilizations. U.S. Highway 50 (East William Street) experiences some of the highest traffic counts in the entire Carson City area. The new U.S. 395 Freeway Bypass has been completed to Fairview Drive in the westerly portion of the subject neighborhood. The Bypass currently diverts traffic from North Carson Street to Fairview Drive at the southern end of Carson City. Construction of the Bypass west of Fairview Drive, is ongoing and it will ultimately connect with Highway 50 West at U.S. 395 South. A full interchange with U.S. 395 is located at U.S. Highway 50.

The southern portion of the neighborhood, along U.S. Highway 50, includes primarily secondary commercial and industrial-commercial development such as retail stores, taverns, automobile repair facilities, building supply stores, service stations, mobile home sales lots and used car lots. Additionally, the Gold Dust West Casino is located on the south side of U.S. Highway 50 at Lompa Lane.

South Edmonds Drive, which becomes Fairview Drive in south central Carson City, is an arterial roadway through the westerly portion of the subject neighborhood. South

Edmonds Drive provides access from U.S. Highway 50 to the residential subdivisions to the south of the highway as well as to the Carson City Corporate Yard, the Nevada State Prison and eventually to Fairview Drive. There is a new full interchange at the U.S. 395 Freeway and Fairview Drive. Arrowhead Drive and Airport Road are secondary arterial streets, which provide access to the residential areas of northeast Carson City as well as to the industrial areas around the airport.

Overall, due to the arterial and collector streets, the subject neighborhood is considered to have good accessibility to most portions of the Carson City area.

The Carson City Airport is located in the northerly portion of the subject neighborhood off of College Parkway. There is no regularly scheduled commercial air service into the Carson City Airport. Most of the traffic is single or twin engine propeller aircraft or small private jets. The taxiways are asphalt paved and range in width from 35 to 50 feet. There are two primary aircraft parking aprons at the airport providing approximately 150 tie-down positions. The Airport does include airfield lighting and is equipped with an automated weather observation system. Fuel, maintenance and aircraft storage services are available on the airport property.

The heaviest concentration of industrial development in Carson City is located around the airport. Development in this area has been fostered by Carson City, the developer of the Carson City Airpark Industrial Park. The developments within the Carson City Airport market are primarily light industrial users. The majority of these improvements were constructed in the mid 1970's to the mid 1980's and include a variety of construction ranging from metal materials to concrete tilt-up and concrete block. A number of newer buildings have been constructed within the northerly portion of the subject neighborhood. These improvements generally include light manufacturing, light industrial and high-tech or fabricating type uses. These developments are both single tenant and multi-tenant projects. These improvements are currently in average condition.

Over the past decade, a second industrial area east of the airport has developed. This industrial area is known as the Arrowhead Business Park. Development within this park includes relatively newer buildings which include average to good quality construction and are currently in average to good condition, including Harley Davidson and CGI, Inc.

Additional industrial uses are situated in the southeast portion of the subject neighborhood, south of U.S. Highway 50. These industrial properties are generally located along North Deer Run Road or Morgan Mill Road and primarily consist of average to fair quality warehouse improvements. The Eagle Valley Commercial Center and the Deer Run Business Plaza are located along Deer Run Road. These business parks include single and multi-tenant industrial and industrial-commercial users. The Bureau of Land Management District Office for Carson City is located on Morgan Mill Road west of Deer Run Road.

The Deer Run Industrial Park is situated in the southeasterly portion of the subject neighborhood. This industrial park has vehicular access from Drako Way, via U.S. Highway 50, and by Morgan Mill Road which connects with Deer Run Road. Deer Run Road intersects U.S. Highway 50 a short distance to the southwest of the subject. For the most part, the Deer Run Industrial Park consist of vacant parcels ranging in size from 1.56± acres, a maximum parcel size of 37.30± acres and an average parcel size of 12.52± acres. All of the parcels within the Deer Run Industrial Park are zoned GI, General Industrial.

There are also various vacant industrial properties in the southerly portion of the subject neighborhood that have been purchased for the eventual extension of the V & T Railroad.

The primary residential development within the subject neighborhood is single family homes. These single family residential developments are situated both north and south of Highway 50 East. These homes were constructed in the late 1960's and early 1970's and are generally of average quality and fair to average condition. The properties in the vicinity of



Airport Road, south of Highway 50 East, involve a fairly high concentration of multi-family developments which are of average quality and are generally in average condition.

The topography of the subject neighborhood is gently sloping down from north to south. While most of the neighborhood is located in an area of minimal flooding, there is a large floodway extending in a northwesterly-southeasterly direction through the Steinheimer Trust Property, west of Airport Road. The floodway crosses Lompa Lane and U.S. Highway 50 onto the Lompa Ranch. Extensive flood control channels have been constructed along U.S. Highway 50 as well as along Lompa Lane in order to channelize flood flows and reduce the impact on surrounding properties.

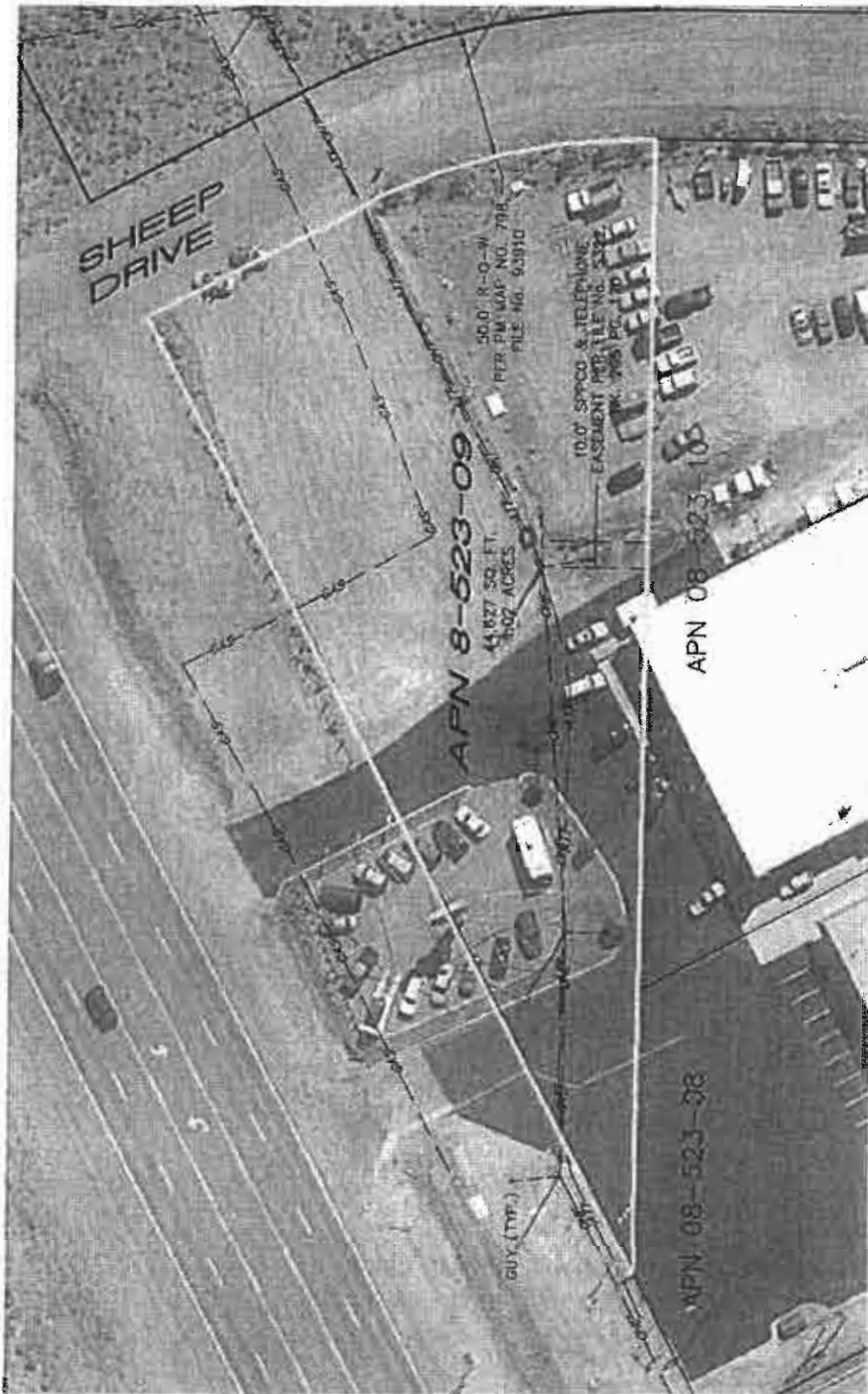
Recreational opportunities within the subject neighborhood include the Eagle Valley Golf Course, the Empire Ranch Golf Course, Riverview Park and the Carson River.

All public facilities are immediately available throughout the neighborhood. These include municipal water and sewer service, electrical service, natural gas, telephone and cable television. Police protection is provided by the Carson City Sheriff's Department, while fire protection is provided by the Carson City Fire Department. The Empire School is located in the southerly portion of the subject neighborhood.

Similar to the rest of the U.S., the current recession has had a negative impact on most sectors of the local economy. The unemployment rate for the State of Nevada is currently reported at 12%, one of the highest in the nation. With the continued softness in the real estate market, the area has experienced a significant decline in demand for both residential and commercial development.

In summary, the subject neighborhood is located in the northeastern portion of Carson City, to the north and south of U.S. Highway 50 (East William Street) and west of the new U.S. 395 Freeway. The subject neighborhood is a mixture of residential, commercial, and industrial utilizations. The Carson City Airport is located in the northerly portion of the subject neighborhood.

**SUBJECT AERIAL PHOTOGRAPH**



**Subject Outlined in Yellow**

Reno ■ Lake Tahoe

**SUBJECT PHOTOGRAPHS**



**A VIEW LOOKING SOUTHEASTERLY TOWARD THE SUBJECT FROM ASPHALT DRIVE**



**A VIEW LOOKING SOUTHEASTERLY ACROSS THE EASTERLY PORTION OF THE SUBJECT SITE FROM NEAR HIGHWAY 50**

**SUBJECT PHOTOGRAPHS**



**A VIEW LOOKING SOUTHEASTERLY TOWARD THE WEST CENTRAL  
PORTION OF THE SUBJECT FROM NEAR HIGHWAY 50**



**A VIEW LOOKING SOUTHEASTERLY TOWARD THE WESTERLY PORTION OF  
THE SUBJECT FROM NEAR HIGHWAY 50**

**SUBJECT PHOTOGRAPHS**



**A VIEW LOOKING EASTERLY TOWARD THE EAST PORTION OF THE  
SUBJECT SITE**



**A VIEW LOOKING EASTERLY SHOWING THE OVERHEAD POWER LINES  
BISECTING THE SUBJECT**

**SUBJECT PHOTOGRAPHS**



**A VIEW LOOKING NORTHERLY ALONG THE SUBJECT'S EAST ACCESS  
POINT FROM HIGHWAY 50**



**A VIEW LOOKING NORTHERLY TOWARD THE WEST ACCESS TO THE  
SUBJECT FROM HIGHWAY 50**

**SUBJECT PHOTOGRAPHS**



**A VIEW LOOKING SOUTHERLY ALONG ASPHALT DRIVE FROM NEAR  
HIGHWAY 50 ADJACENT TO THE SUBJECT**



**A VIEW LOOKING NORTHERLY ALONG ASPHALT DRIVE IN THE VICINITY  
OF THE SUBJECT**

**SUBJECT PHOTOGRAPHS**



**A VIEW LOOKING WESTERLY ALONG HIGHWAY 50 EAST IN THE VICINITY  
OF THE SUBJECT**

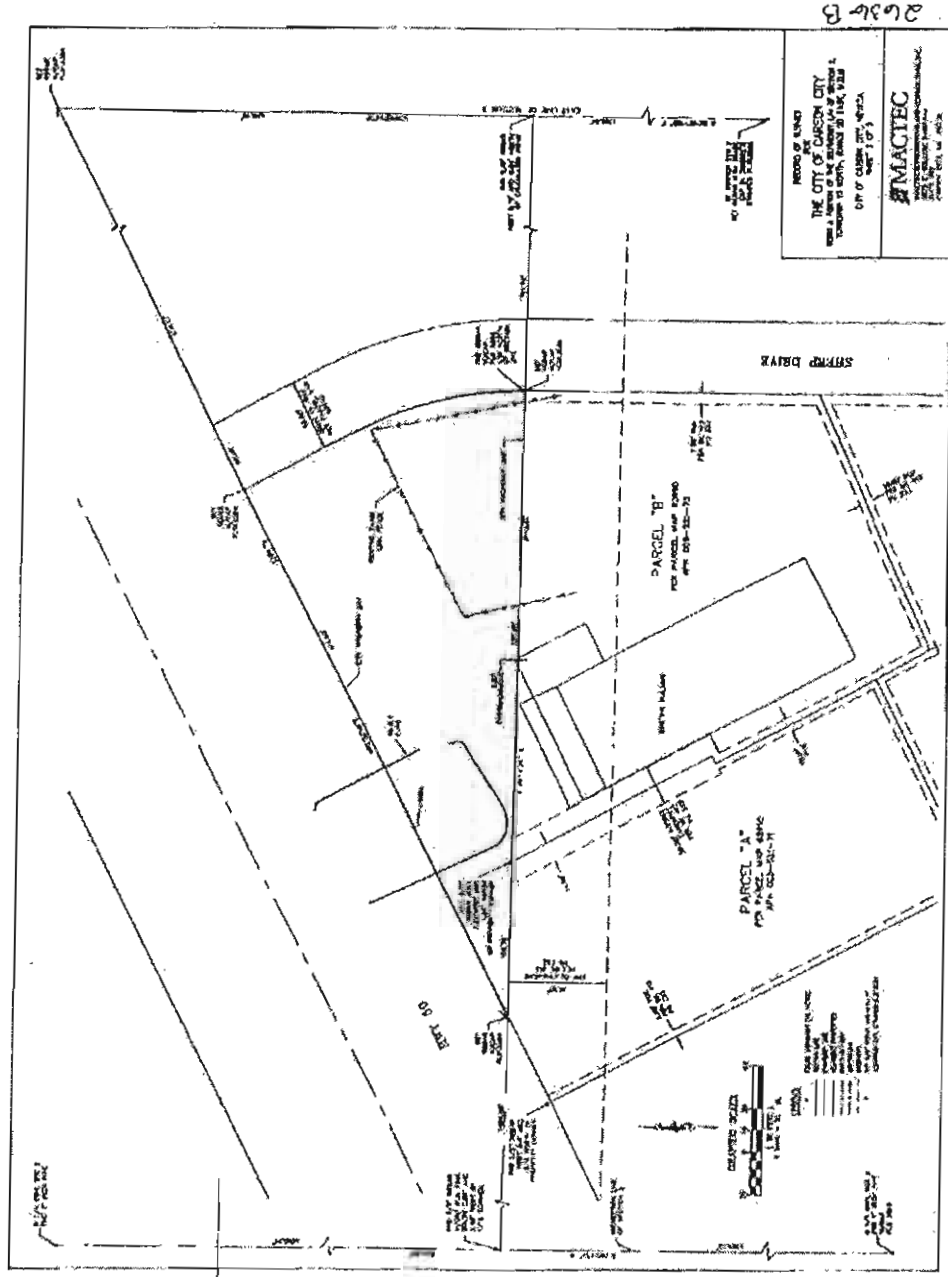


**A VIEW LOOKING EASTERLY ALONG HIGHWAY 50 EAST IN THE VICINITY  
OF THE SUBJECT**





**SUBJECT PARCEL MAP**

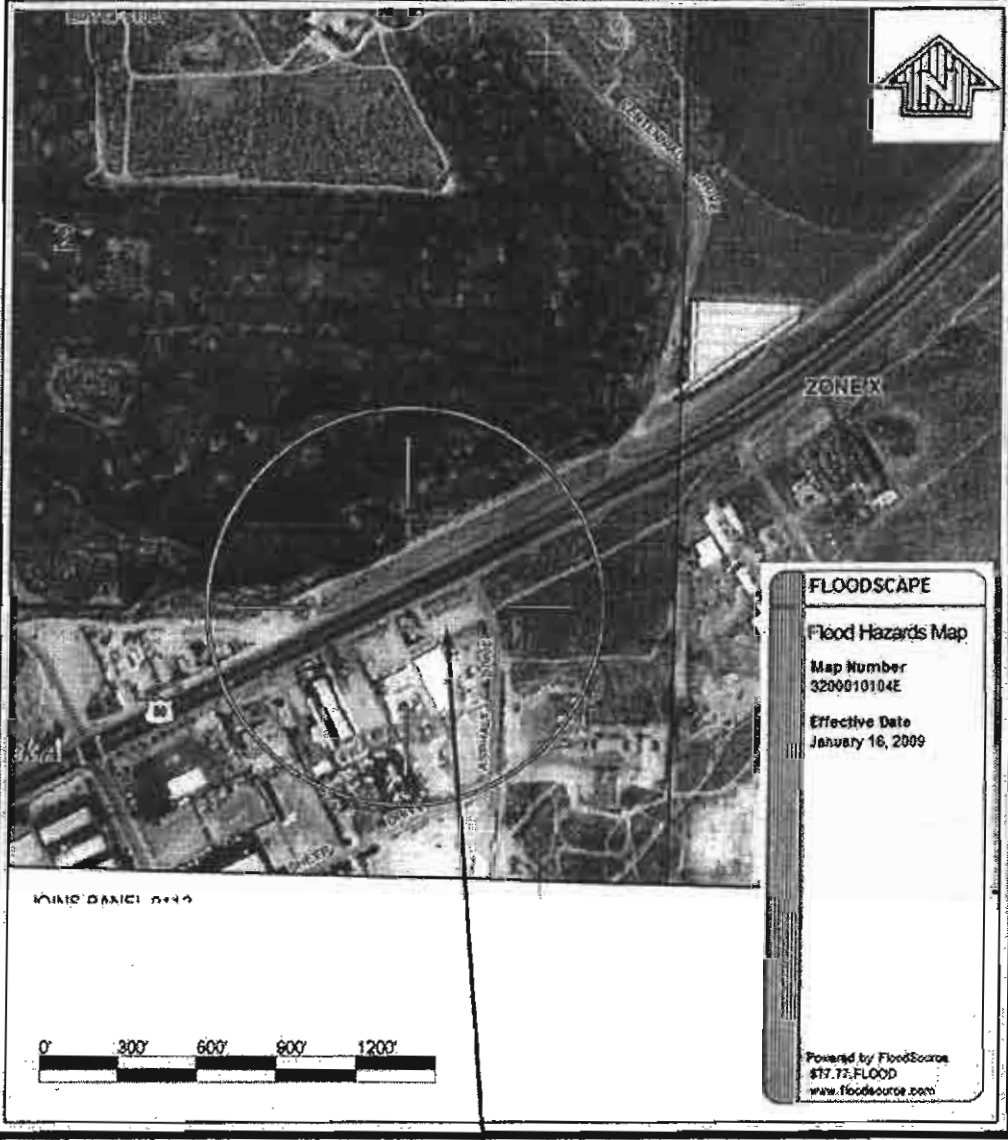


Parcel Map No. 2636  
 Recorded February 9, 2007  
 File Number 364305

**SUBJECT FLOOD MAP**

**InterFlood**   
 try it the mode  
 www.interflood.com • 1-800-252-6633

Prepared for:  
 Johnson-Perkins & Associates, Inc.  
 5951 US Highway 50 E  
 Carson City, NV 89701-1411



© 1999-2010 SourceFlood and/or FloodSource Corporations. All rights reserved. Patents 6,531,328 and 6,678,015. Other patents pending. For info: info@floodsource.com.

**Subject Property**  
**Federal Emergency Management Agency's Flood Insurance Rate Map**  
**Community Panel Number 3200010104E**  
**Effective Date: January 16, 2009**

Reno ■ Lake Tahoe

**SUBJECT IDENTIFICATION AND SITE DESCRIPTION**

<b>Property Type</b>	Vacant Land
<b>Location</b>	Southwest corner Highway 50 East and Asphalt Drive, Carson City, Nevada
<b>Legal Description</b>	A portion of the Southeast 1/4 of Section 2, Township 15 North, Range 20 East, M.D.B.&M as per Parcel Map No. 2636, recorded February 9, 2007 in the Official Records of Carson City, Nevada at File Number 364305.
<b>Assessor's Parcel Number</b>	008-523-09
<b>Owner of Record</b>	According to the Preliminary Title Report Prepared by Northern Nevada Title Company, Order No. 1095634-TO, Title is Vested in Carson City
<b>Shape</b>	Triangle
<b>Land Area</b>	44,627± Square Feet (1.0245± Acres)

The land area for the subject parcel is based upon the exhibit map for the subject prepared by Tri State Surveying, Ltd. and is assumed to be correct.

**Access**

The subject property has access from Asphalt Drive along its east property line and from Highway 50 East just to the north. It was noted at the time of inspection that the subject has two access points from Highway 50 East. Asphalt Drive, adjacent to the subject, is a two-lane, two-way, asphalt paved rural roadway which is not improved with concrete curbs, gutters, or sidewalks. Asphalt Drive becomes Sheep Drive a short distance south of the subject. Highway 50 East, in the vicinity of the subject, is a four-lane, two way major arterial roadway which is improved with a center turn lane. This roadway, in the vicinity of the subject, is not improved with concrete curbs, gutters, or sidewalks. Overall, the subject property has adequate to good access.

**Zoning**

**PC (Public Community)**

Public community (PC) means facilities and uses that serve primarily a large portion of Carson City. The purpose of the public community (PC) district is to achieve the following:

1. To accommodate the wide range of public institutional and auxiliary uses which are established in response to the health, safety, cultural and welfare needs of the citizens of the city.
2. To organize the assemblage of specific, nonprofit and profit public facilities into efficient functionally compatible, and attractively planned administrative centers in conformance with the master plan and to establish special use permit approval for all uses thereby ensuring compatibility with adjacent more restrictive districts. All public community (PC) district development standards relative to lot area, setbacks, building height, landscaping, off-street parking and signs shall be based on requirements and conditions of the special use permit.
3. To establish site plan approval for many uses thereby ensuring compatibility with adjacent more restrictive districts and to organize the assemblage of specific, nonprofit and profit public facilities into efficient functionally compatible and attractively planned uses in conformance with the master plan.

**Master Plan**

**C/RC (Commercial/Regional Commercial)**

The primary allowed uses in the Commercial/Regional Commercial master plan districts include a mix of retail and commercial services in a concentrated and unified center that serves the local community. Single use highway-oriented commercial activities will continue to occur in some areas. Secondary complementary uses include restaurants, specialty markets, specialty stores (such as furniture, computers, office supplies or clothing stores).

**Soils and Topography**

The subject parcel has generally level topography. These appraisers were not provided with a soil survey for the subject site. It has been noted that surrounding development does not appear to have been adversely impacted due to soil conditions. For the purposes of this appraisal, it is assumed that the soil conditions are adequate to support a wide variety of development.

**Flood Zone**

<b>FEMA Map Number</b>	3200010104E
<b>Effective Date</b>	January 16, 2009
<b>Flood Zone</b>	"X"

Reference to the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map for the subject indicates that the subject lies within a Flood Zone "X". A Flood Zone "X" designates areas of minimal flooding potential.

**Earthquake Zone** Risk Zone 3

According to the most recent Uniform Building Code, the subject property is located in a Seismic Risk Zone 3. This zone encompasses areas which have a number of local faults and where there is relatively strong probability of moderate to strong seismic activity. Seismic Risk Zone 3 is characteristic of the entire area.

**Hazardous Substances**

Our standard on-site inspection of the subject property did not reveal any readily apparent evidence which would suggest the presence of contaminants or hazardous wastes on the subject property. For the purposes of this appraisal, it is assumed that the value of the subject property is not negatively impacted by the existence of toxic materials or hazardous waste.

**Utilities**

Water	Carson City needs to be extended
Sewer	Carson City needs to be extended
Natural Gas	Southwestern Gas
Electric	NV Energy
Telephone	AT&T

Electric, telephone and natural gas service are immediately available to the subject property. In discussions with Jeff Sharp, P.E., City Engineer with the Carson City Public Works Department, it was indicated that neither municipal water nor sewer service have been extended to the subject parcel. As the subject site is zoned for commercial uses, prior to

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 REAL ESTATE APPRAISERS & CONSULTANTS

development water and sewer service would be required to be extended to the site. Based upon a review of utility exhibit maps and calculations prepared by Carson City, it is indicated that water service is available along the south side of Highway 50 East 1,070± linear feet to the west of the subject. Sewer service is indicated to be available from the intersection of Highway 50 East (south side) and Deer Run Road approximately 1,570 feet to the west of the subject parcel.



N  
 1 Inch = 200 Feet  
 Revision Notes:

September 24, 2010

Legend	
● Sewer Cabinet	— Proposed Pipe
■ Sewer CA Station	— Proposed Access
● Sewer Drop Manhole	— Proposed VST Access
● Sewer Manhole	— Existing Pipe
● Sewer Valve	— Existing Access
— Sewer Line	— Existing VST Access
— Sewer Line	— Co. Boundary

Photos From: 2008

**Existing Sewer Main**



- Legend**
- Proposed VLL Right-of-Way
  - Proposed Parcel
  - Owner Chalkboundary
  - Fire Hydrant
  - Fire Station
  - ▲ Pressure Reducing Valve
  - ◆ Water Out
  - Valve
  - Water Control Valve
  - Sewerage Plant
  - Fire Hydrant Valve
  - Main Street Valve
  - Street Valve
  - Side Valve
  - Delivery Valve
  - Well
  - Pump
  - Best Flow Valve
  - Air Release Valve
  - Valve
  - Water Tank
- Water Pipe**
- Community
  - Public
  - Private

Photos Taken: 2006

**Existing Water Main**

**Surrounding Development**

The properties to the west of the subject are improved with commercial and industrial-commercial uses including a used car lot, United Rentals and the Eagle Valley industrial business park. The property to the south of the subject is improved with the Capitol Loans commercial building and storage yard. The East Carson RV Storage facility is to the south of the Capitol Loans property. The property to the east of the subject, on the east side of Asphalt Drive, is a large tract of vacant land. The property to the southeast is improved with a power substation site. Older shop buildings and outside storage areas are situated on the properties on the south side of Sheep Drive, south of the subject, including the Granite Construction



facility. The Eagle Valley golf course is located to the north of the subject on the north side of Highway 50 East.

### **Easements**

We were provided with a Preliminary Title Report for the subject property prepared by Northern Nevada Title Company, dated January 21, 2011, Order No. CC-1095634-TO. A copy of the Preliminary Title Report for the subject is set out in the addenda. According to the Preliminary Title Report exceptions and exclusions include;

- Reservations as set forth in Patent from the United States of America, including rights for pipeline purposes granted to Southwest Gas Corporation, a Right-of-Way for a Federal Aid Highway, and those rights for transmission line purposes granted to Sierra Pacific Power Company, its successors or assigns;
- An easement granted to Sierra Pacific Power Co. (now NV Energy) to construct, erect, alter, improve, repair, operate and maintain an electric power distribution and transmission line;
- An easement granted to Sierra Pacific Power Co. (now NV Energy) and Nevada Bell (now AT&T) to construct, operate and maintain overhead and underground electric power and communications lines;
- Provisions of the General Highway Act for improvements, repairs or landscaping to the public highway (U.S. Highway 50), located along the boundary of the subject property;
- Resolution of Abandonment and a Resolution of Relinquishment of portions of State Highway Right-of-Way;
- Resolution of the Carson City board of Supervisors consenting to the Nevada Department of Transportation relinquishment of portions of U.S. Highway 50 East to Carson City;
- Multi-Use License executed between William & Jeana Burnaugh, Licensee and the State of Nevada, acting by and through its Department of Transportation, Licensor;
- Notes, easements and recitals as set forth on Record of Survey Map No. 2636.

In order to delineate the easements encumbering the subject site, Tri State Surveying, LTD has prepared an exhibit map for the subject. A review of the exhibit map indicates that there is an existing 10 foot wide gas pipeline easement encumbering the northeast corner of

the subject site. An overhead electric power line traverses the central portion of the subject parcel in a northeast to southwest direction. An underground communications line generally parallels the overhead electric power line. According to the exhibit map the power line and underground communications line easements combined, are 50 feet in width. A 10 foot wide Sierra Pacific Power Co. (now NV Energy) and Nevada Bell (now AT&T) easement is situated in the south central portion of the subject site and runs in a north/south direction. A 28 foot wide access easement is denoted in the westerly portion of the subject site. A review of the exhibit map also indicates that the very northeast corner of the adjacent (to the south) property owner's retail building is encroaching onto the subject site.

A review of the Exhibit Map indicates that the subject's useable land areas, lying outside the easement areas described above, include 6,654± square feet in the north central portion of the site, 7,368± square feet in the northeast corner of the site and 8,482± square feet in the southeast corner of the site. The total useable land area is indicated to be 22,504± square feet or .517± acres.

The remainder of the subject land area is either encumbered with the existing easements as outlined previously, or involves long, narrow triangular shapes. The subject contains a total land area of 44,627± square feet. Deducting the useable land area of 22,504± square feet from the total land area of 44,627± square feet results in 22,123± square feet of land area which is encumbered or has limited use.

Total Land Area Subject Parcel	44,627± Square Feet
Useable Land Areas:	
Parcel A (North Central Portion of Subject Site)	6,654± Square Feet
Parcel B (Northeast Corner of Subject Site)	7,368± Square Feet
Parcel C (Southeast Corner of Subject Site)	8,482± Square Feet
Total Useable Land Area	<u>22,504± Square Feet</u>
Encumbered/Limited Land Area	22,123± Square Feet

It is our understanding that no permanent structures may be constructed within the easement areas. It is further our understanding that the easement areas may be utilized for parking, access and landscaping is allowed. The presence of the multiple utility and access easements, which traverse the subject site, will impose constraints on development of the subject property. It is noted that these include surface, overhead and underground easements. The location and burden of the various easements and encroachments on the site is considered to limit the subject's developable land area. Prior to development, strategic planning on the location of any proposed improvements would need to occur.

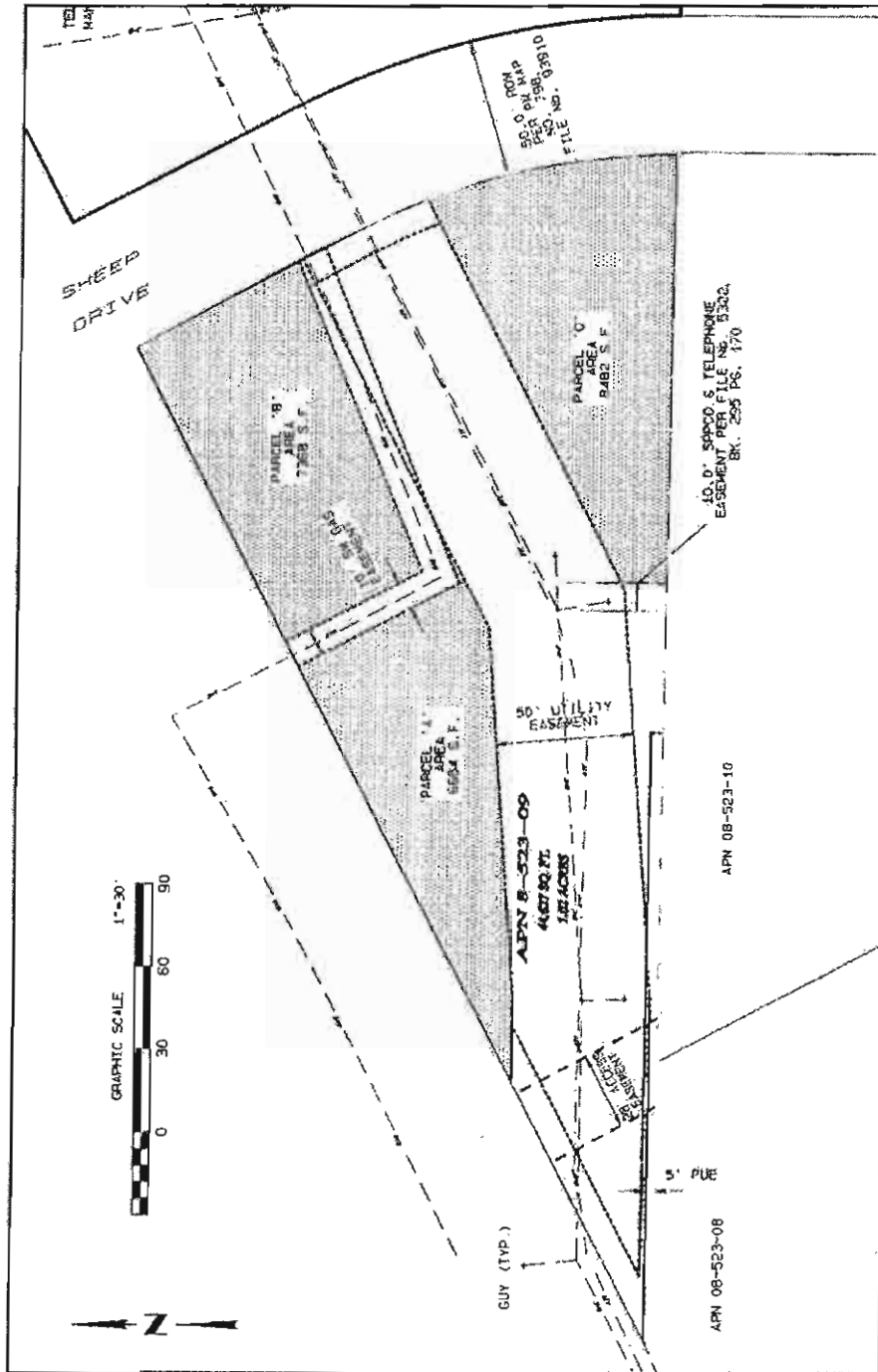
The reader is referred to the Exhibit Map set forth on the following page to better visualize the easements and encumbrances on the subject property.

**SUBJECT EXHIBIT MAP**  
**(TriState Surveying)**



**Subject Outlined in Yellow**

**SUBJECT EXHIBIT MAP**  
 (TriState Surveying)



Subject Outlined in Yellow

**Subject Sales History**

There have been no arms length sales of the subject parcel in the past five years.

**Tax Data**

Tax Year	2010-2011	2011-2012
Assessor's Parcel Number	008-523-09	008-523-09
Assessed Values		
Land	\$93,305	\$77,754
Improvements	\$0	\$0
Total Assessed Values	\$93,305	\$77,754
Exemptions	\$93,305	\$77,754
<b>Taxable Value</b>	<b>\$266,586</b>	<b>\$222,154</b>
<b>Taxes</b>	<b>Exempt</b>	<b>Exempt</b>

Under Nevada State Law, the Carson Assessor's Office is required to estimate the taxable value of land based upon its full cash value. A 35% assessment ratio is then applied to the taxable value of the property to arrive at its assessed value.

Not-for-profit organizations, quasi-governmental, and governmental organizations are exempt from real estate taxes.

**Improvements**

It is our understanding that the subject land is currently leased to Capitol City Loans. There is chain link fencing and perimeter landscaping (along Asphalt Drive) in the southeast corner of the subject site, which is a portion of a fenced storage yard utilized by the tenant. There is asphalt paving and signage for Capitol City Loans in the west central portion of the site. The very northeast corner of the adjacent (to the south) property owner's retail building is encroaching onto the subject site. It is our understanding that these are tenant improvements which were installed by the owner of Capitol City Loans at his expense. As a result, these improvements will not be considered in the valuation of the subject land.

**Summary and Conclusion**

In summary, the subject parcel is triangular in shape and contains 44,627± square feet or 1.0245± acres of land area. The property is located in northeast Carson City at the southwest corner of Highway 50 East and Asphalt Drive. The site is zoned Public Community and master planned Community/Regional Commercial. The site has generally level topography. Electric, gas and telephone services are immediately available to the subject site. Municipal water and sewer service will need to be extended to the site prior to development of the property.

Reference is made to photographs and plot plan contained elsewhere in this appraisal report, which will enable the reader to more clearly visualize the subject property.

**HIGHEST AND BEST USE ANALYSIS**

Highest and best use is defined in the 5<sup>th</sup> Edition of *The Dictionary of Real Estate Appraisal* (Appraisal Institute, Chicago, 2010) as “The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.”

**Physically Possible**

In assessing the areas of physical possibility, consideration is given to the subject’s physical characteristics. Consideration is also given to any constraints on development of the subject site as a result of its location or physical features. The subject site is a vacant parcel of land containing a total land area of 44,627± square feet or 1.0245± acres of land area. The property is located in northeast Carson City at the southwest corner of Highway 50 East and Asphalt Drive. The subject is situated on the outskirts of the city, approximately one mile west of the Carson City/Lyon County line. The predominant land uses surrounding the subject site consist of a variety of secondary commercial and industrial-commercial utilizations and large tracts of vacant land. The subject parcel is triangular in shape and has level topography. Electric, gas and telephone services are immediately available to the subject site. Municipal water and sewer service will need to be extended to the site prior to development of the property. Based upon a review of utility exhibit maps and calculations prepared by Carson City, it is indicated that water service is available along the south side of Highway 50 East 1,070± linear feet to the west of the subject. Sewer service is indicated to be available from the intersection of Highway 50 East (south side) and Deer Run Road approximately 1,570 feet to the west of the subject parcel.

The subject property has street frontage on U.S. Highway 50 and Asphalt Drive. The subject has two access points from Highway 50 East and access from Asphalt Drive. Asphalt Drive becomes Sheep Drive a short distance south of the subject. Overall, the subject property is considered to have good access and good street exposure. There are no known,



earthquake hazards, flood hazards or soils conditions which would impact the subject's development potential.

The primary development constraints of the subject property are its triangular shape and the presence of multiple public utility easements which traverse the north central, northeast and southeast portions of the site. It is noted that these include both overhead and underground easements. It is our understanding that no permanent structures may be constructed within the easement areas. The location and burden of the various easements on the site is considered to severely limit the subject's developable land area. Prior to development, municipal water and sewer service will need to be extended to the site. However, it is noted that both water and sewer service are reasonably available to the site. Existing water and sewer main lines are situated approximately one block to the south of the subject, proximate to the intersection of Highway 50 East and Arrowhead Drive.

Overall, the subject property has certain physical constraints for development including its triangular shape and as it is encumbered by a number of public utility easements.

#### **Legally Permissible**

The subject is zoned Public Community (PC). The purpose of the PC district is to accommodate public institutional and auxiliary uses which are established in response to the health, safety, cultural and welfare needs of the citizens of the city. It is further the purpose of the PC district to establish site plan approval for many uses, thereby ensuring compatibility with adjacent, more restrictive districts and to organize the assemblage of specific, nonprofit and profit public facilities into efficient functionally compatible and attractively planned uses in conformance with the master plan. The subject is master planned Commercial/Regional Commercial. The primary allowed uses in the Commercial/Regional Commercial master plan districts include a mix of retail and commercial services in a concentrated and unified center that serves the local community. Single use highway-oriented commercial activities will continue to occur in some areas.

Overall, the subject's legally permissible uses include a variety of public facility, retail and service oriented commercial uses.

**Financially Feasible & Maximally Productive**

The highest and best use of the subject site must be financially feasible. To be financially feasible, there must be adequate demand to support the highest and best use of the subject property. To be maximally productive, the highest and best use of the subject must be the most intense use to which the site could be developed and remain financially feasible.

In assessing the financially feasible and maximally productive uses of the subject parcel, consideration must be given to the subject's physical constraints and legally permissible uses. Development of the subject parcel is considered limited due to its triangular shape, and presence of multiple utility easements located throughout the site. The subject is zoned Public Community and is master planned Commercial/Regional Commercial. The subject's zoning and master plan designations would permit a variety of public facility, retail and service oriented commercial uses. As the subject is located on the outskirts of the city; it is our expectation that secondary commercial or industrial-commercial uses, similar to surrounding development, would represent the financially feasible and maximally productive uses of the site.

To be financially feasible, there must be adequate demand to support the highest and best use of the subject property. As previously noted, the real estate market has seen a significant slowdown over the past several years. As a result of the very limited demand for commercial or residential development, demand for development land has been extremely limited. Most land transactions, within the market, have involved residential sites with finished lots, or properties with partial approvals for development.

Due to the current soft market conditions, and with strong consideration given to the subject's physical constraints, it is these appraisers' opinion that it would be unlikely that the subject would be developed with any kind of project in the near future. Therefore, it is our

opinion that the highest and best use of the property is for speculative holding, until demand warrants development with secondary commercial or industrial-commercial utilizations. It is recognized that development of structures would be constrained to the subject's land area outside of the multiple public utility easements areas located on the site. Those areas within the existing easements could be utilized for parking, storage yard, set backs or landscaping requirements. The subject's triangular shape is also felt to pose constraints on development of the site. Prior to development, municipal water and sewer service will need to be extended to the site.

With consideration given to the current soft economy and to the very limited demand for vacant development land, it is these appraisers' expectation that the most likely purchaser of the subject would be an investor who would anticipate a lengthy holding period until economic conditions improve. The subject site would also appeal to an adjacent property owner as plottage for future expansion, upon improved economic conditions, and could serve an interim use such as parking or outdoor storage.

### INTRODUCTION TO VALUATION ANALYSIS

There are typically three approaches to value an appraiser generally considers in estimating the Market Value of a property. These approaches include the Cost Approach, the Income Approach and the Sales Comparison Approach. As the subject property is vacant land, the Income Approach to Value and the Cost Approach to Value are not considered applicable. For the purposes of this analysis, we will utilize a Sales Comparison Approach to Value.

As previously discussed, the primary constraints in development of the subject property are its triangular shape and the presence of multiple utility and access easements which traverse the site. It is noted that these include surface, overhead and underground easements. The location and burden of the various easements on the site is considered to limit the subject's developable land area. The subject's triangular shape is also felt to pose constraints on development of the site. Municipal water and sewer service will need to be extended to the site prior to development of the property. Water service is available along the south side of Highway 50 East 1,070± linear feet to the west of the subject. Sewer service is indicated to be available from the intersection of Highway 50 East (south side) and Deer Run Road approximately 1,570 feet to the west of the subject parcel.

The subject property is currently encumbered with multiple existing public utility and access easements, as described previously. Additionally, neither municipal water nor sewer service has been installed to the site. Although we did conduct a search in the Carson City area for vacant parcels with similar limitations as the subject, no current similar comparable sales were found. As a result, it will be necessary to utilize a multiple step valuation process.

First, the unencumbered fee simple value of the subject's whole parcel will be estimated. In order to estimate the unencumbered fee simple value of the subject, we have utilized recent commercial land sales and listings in the subject market area. Once the fee simple value of the subject parcel has been estimated, the value of the subject's net useable land area will be estimated.

In order to estimate the value of the subject's land area which is encumbered or has limited use, a percentage factor will be selected which reflects the impact of the easements encumbering the subject site. The selected factor will then be applied to the unencumbered fee simple value to arrive at an estimate of the market value of the subject owner's remaining interest in encumbered/limited use portions of the subject site.

As noted above, neither water nor sewer services have been extended to the subject site. As the vast majority of the comparable sales have all utilities immediately available, for the purposes of this analysis it has been assumed that the subject also has immediate available of all utilities. As a result, an allowance for the cost of extension of water and sewer to the subject will be deducted to arrive at an estimate of the market value of the subject in its "As Is" condition.

The following chart sets forth a summary of comparable land sales which are considered similar to the subject property. For the purposes of this analysis, the valuation analysis will be made on a price per square foot basis, assuming utilities are immediately available to the subject.

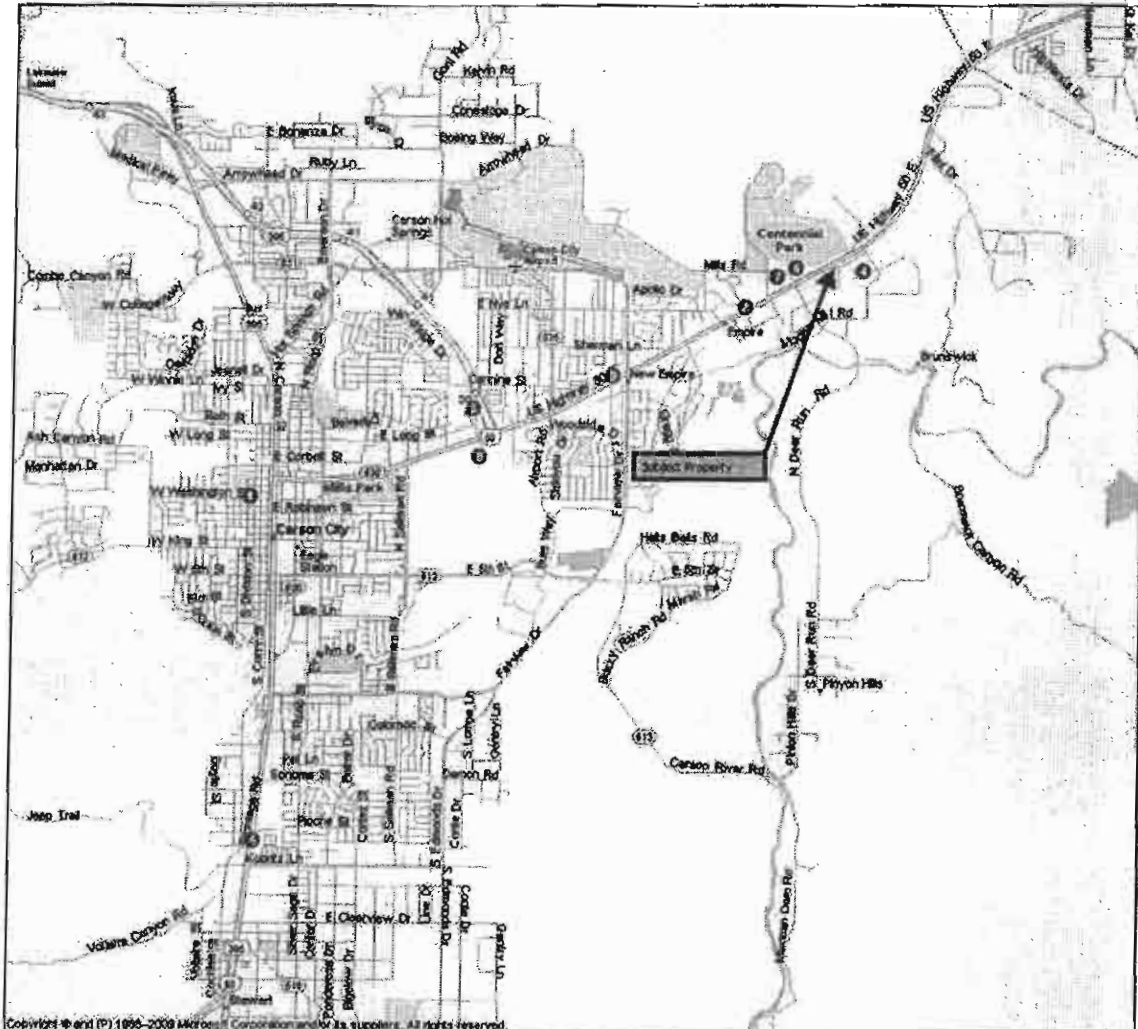
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 REAL ESTATE APPRAISERS & CONSULTANTS

**COMPARABLE LAND SALES CHART**

Sale No.	A.P.N. Location	Sale Date Sale Price	Zoning Topography Flood Zone	Document No. Grantee Terms of Sale	Land Area	Sale Price Per SF
LS-1	001-191-06 812 N. Division Street S/S of W. Ann Street, Btw. N. Division St. & N. Minnesota St.	12-10-09 \$120,000	RO Level Shaded X	396065 Herman Bauer Cash	.320± Ac 13,939± SF	\$8.61
LS-2	008-384-13 5130 Highway 50 East NEC Hwy 50 E. & Sunrise Dr.	02-26-10 \$520,000	GI Level X & AE	398248 Silver Sage Village, Ltd.	1.00± Ac 43,560± SF	\$11.94
LS-3	002-101-86 (Now 88 & 89) 1820 Russell Way W/S Russell Way, 930±' N. of Highway 50 East	05-20-10 \$700,000	MFA Level to Gentle AE	402972 Sierra Ridge Cash to Seller	3.484± Ac 151,763± SF	\$4.61
LS-4	008-522-12 & 13 6301 Highway 50 East 100±' S. of Highway 50E, 223±' W. of Drako Way	05-28-10 \$530,000	GI Level to Gentle X	401230 Ernest Chambers Seller Financing	2.55± Ac 111,078± SF	\$4.77
LS-5	009-112-02 3449 S. Carson St., N/S S. Carson St. (U.S. 395), 1/3± mile E. of Sonoma St.	10-22-10 \$714,000	RC Level AH	405670 Halle Properties Cash to Seller	1.46± Ac 63,598± SF	\$11.23
LL-6	008-391-14 NEC Highway 50 East & Arrowhead Dr.	Current Listing 02-15-11 \$731,805	GI Level to Gentle X	N/A Carson Capital Investors, LP	1.12± Ac 48,787± SF	Asking \$15.00
LL-7	008-391-13 NWC Highway 50 East & Arrowhead Dr.	Current Listing 02-15-11 \$1,620,000	GI Level to Gentle X	N/A CBC, Ltd Joanne Ballardini	2.32± Ac 101,059± SF	Asking \$16.03
LL-8	008-152-06 S/S Highway 50 East, at the S. terminus of Humboldt St., 900±' W. of U.S. 395	Current Listing 02-15-11 \$1,600,000	GC Level to Gentle AE	N/A Maurice Crook, Trustee	3.82± Ac 166,399± SF	Asking \$9.62
LL-9	008-271-29 390±' W. of College Parkway and 140±' N. of Highway 50 East	Current Listing 05-19-11 \$225,000	GC Level X	Owner of Record LDS, LLC N/A	.86± Ac 37,462± SF	Asking \$6.01
<b>Subject Property</b>	<b>008-523-09 SWC Highway 50 East &amp; Asphalt Dr.</b>	<b>Date of Valuation 06-23-11 ---</b>	<b>PC C/RC Level X</b>	<b>---</b>	<b>1.0245± Ac 44,627± SF</b>	<b>---</b>

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**COMPARABLE LAND SALES MAP**



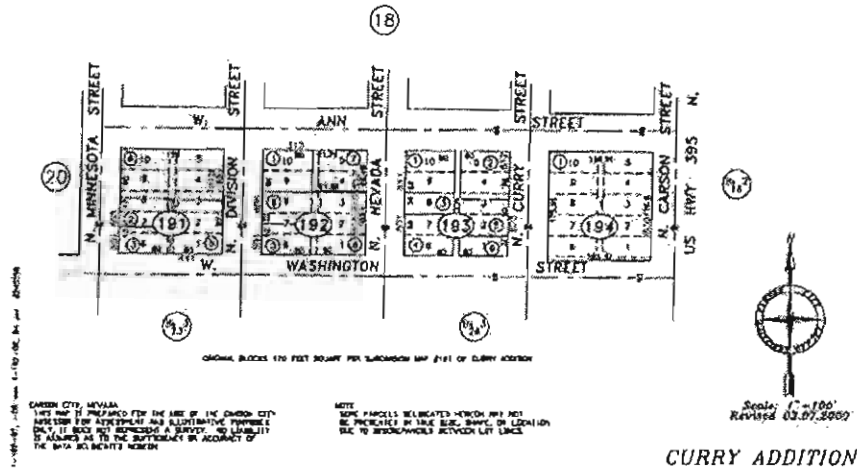
Reno ■ Lake Tahoe

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**COMPARABLE LAND SALES ASSESSOR'S MAPS**

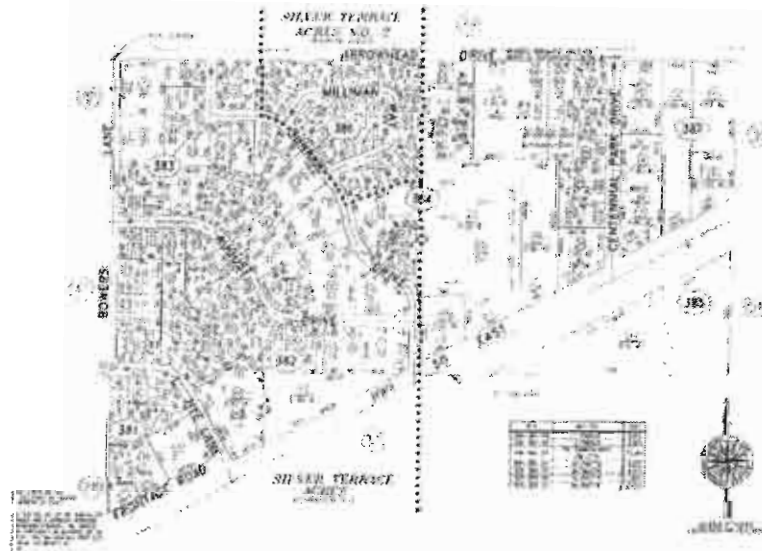
PORTION SW1/4 NW1/4 SECTION 17, T.15 N., R.20 E., M.D.B. & M.

1-19



**Sale LS-1**  
**A.P.N. 001-191-06**

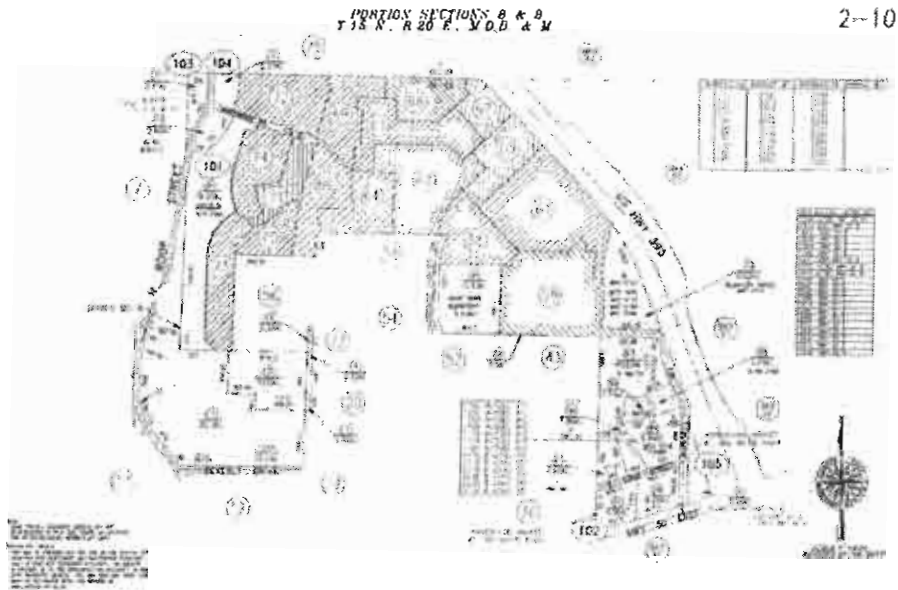
PORTION NW1/4 NW1/4 SECTION 11 AND SW1/4 SW1/4 SECTION 2 T.15 N., R.20 E., M.D.B. & M. 8-38



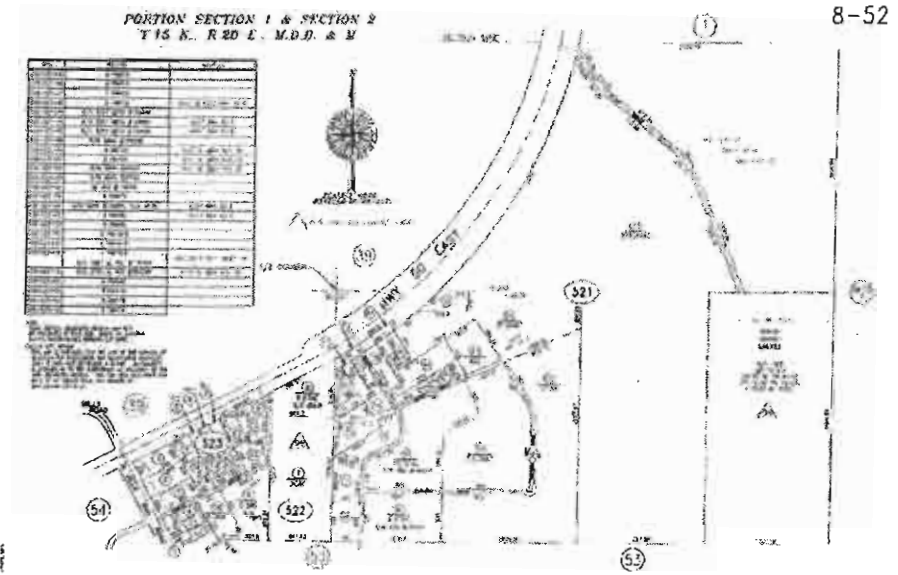
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**COMPARABLE LAND SALES ASSESSOR'S MAPS**



**Sale LS-3**  
 A.P.N. 002-101-86 (Now 88 & 89)

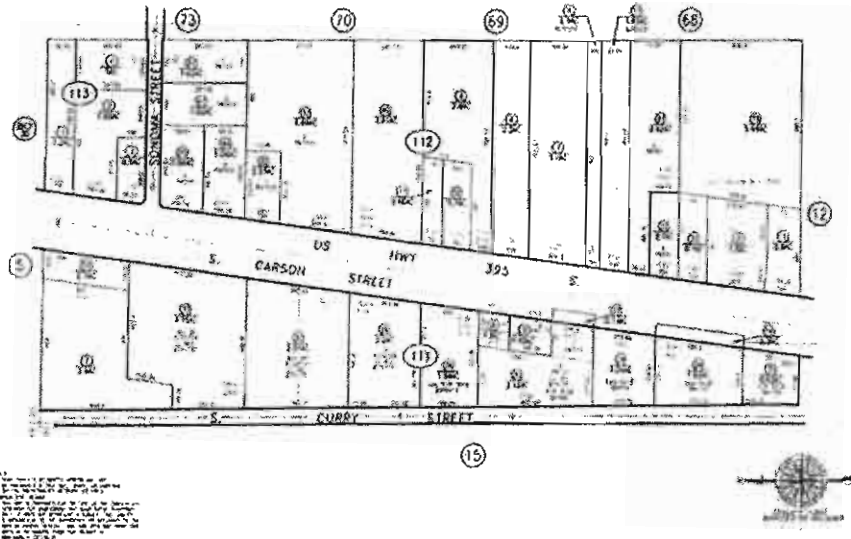


**Sale LS-4**  
 A.P.N. 008-522-12 & 13

**COMPARABLE LAND SALES ASSESSOR'S MAPS**

PORTION NW1/4 SECTION 29, T.15 N., R.20 E., M.D.B. & M.

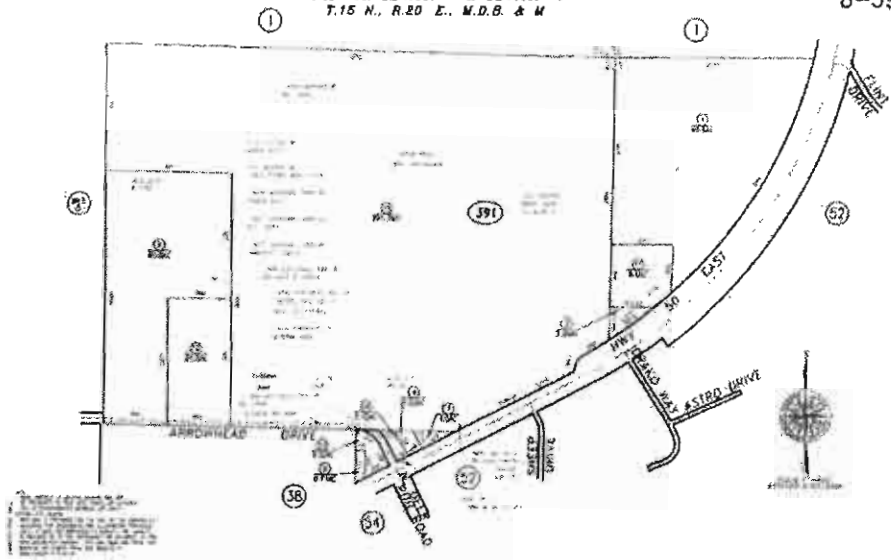
9-11



**Sale LS-5**  
**A.P.N. 009-112-02**

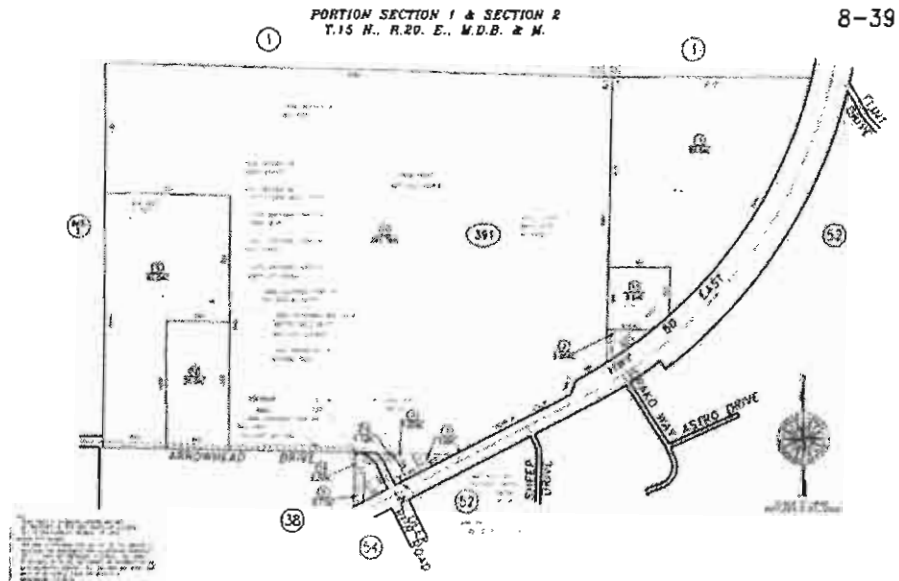
PORTION SECTION 1 & SECTION 2  
 T.15 N., R.20 E., M.D.B. & M

8-39



**Listing LL-6**  
**A.P.N. 008-391-14**

**COMPARABLE LAND SALES ASSESSOR'S MAPS**



**Listing LL-7**  
**A.P.N. 008-391-13**



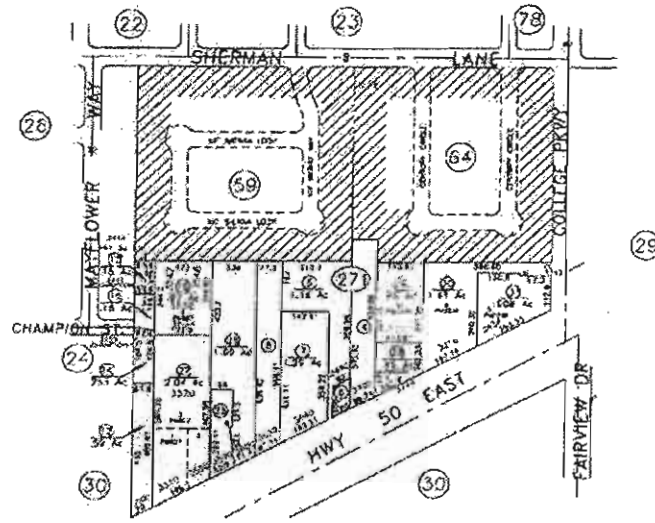
**Listing LL-8**  
**A.P.N. 008-152-06**

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**COMPARABLE LAND SALES ASSESSOR'S MAPS**

PORTION SE1/4 NW1/4 SECTION 10, T.15 N., R.20 E., M.D.B. & M.

8-27



**Listing LL-9**  
**A.P.N. 008-271-29**

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**COMPARABLE LAND SALES DISCUSSION AND COMPARISON  
(Unencumbered Fee Simple Interest)**

The comparable sales set out previously indicate dates of sale ranging from December of 2009 to December of 2010. The listings are current as of the date of valuation. The comparables range in size from .32± acres to 3.82± acres as compared to the subject parcel, which contains 1.0245± acres. The sale prices range from \$4.61 to \$11.94. The asking prices for the listings range from \$6.01 to \$16.03 per square foot of land area. In this analysis, the unencumbered fee simple value of the subject parcel will be estimated.

As the vast majority of the comparable sales have all utilities immediately available, for the purposes of this analysis it has been assumed that the subject also has immediate available of all utilities. Therefore, an allowance for the cost to extend water and sewer to the subject will be deducted to arrive at the market value of the subject in its "As Is" condition.

As each of the sales involved cash or cash equivalent transactions, no adjustments are necessary due to terms of sale.

**Sale LS-1** is located at 812 N. Division Street in central Carson City. This comparable is situated on the south side of West Ann Street between N. Division Street and N. Minnesota Street. This comparable has level topography and all utilities were installed to the site at the time of sale. This site is zoned Residential Office and is in a Flood Zone "Shaded X". This parcel contains .32± acres or 13,939± square feet of land area. According to the listing agent, Mr. John Uhart, of John Uhart Commercial Real Estate Services, the existing older residential improvements were to be removed prior to sale. This property was listed for \$130,000. The sale price was \$120,000 which equates to \$8.61 per square foot.

In comparison with the subject, this comparable requires a large upward adjustment due to the subject's highway frontage. Further upward adjustment is required due to the subject's more intensive commercial development potential. On the other hand, a downward adjustment is necessary due to this comparable's older date of sale in a declining market.

Downward adjustments are required due to this comparable's closer-in location, much smaller size, and superior shape. This comparable is similar to the subject in regards to corner situs, topography and flood zone. Overall, this comparable, at \$8.61 per square foot, is considered to be a high indicator of an appropriate per unit land value for the subject's unencumbered fee simple interest, with utilities immediately available.

**Sale LS-2** is located at 5130 Highway 50 East in the subject neighborhood. This comparable is situated at the northeast corner of Highway 50 East and Sunrise Drive. This site was improved with the McKinnish RV sales lot. This parcel contains 1.00± acre or 43,560± square feet, has level topography and is slightly irregular in shape. This comparable is zoned General Industrial and all utilities were available to the site at the time of sale. This site is situated in a Flood Zone X, areas of minimal flooding potential, and Flood Zone AE, high risk flood hazard areas. This corner parcel has good highway visibility and adequate to good access. It is noted that this property was purchased by the adjoining property owner. This owner's adjacent property is improved with the Silver Sage Industrial Park.

In comparison with the subject, this comparable requires a minor upward adjustment as a portion of the site is in a Flood Zone AE, areas of high risk of flooding, whereas, the entire subject site is located outside the floodplain. On the other hand, a downward adjustment is necessary due to this comparable's date of sale in a declining market. A downward adjustment is required due to this comparable's somewhat superior location, proximate to more dense development including existing commercial and commercial-industrial uses. Downward adjustments are required due to this comparable's superior shape and plottage considerations. This comparable is similar to the subject in regards to highway frontage, corner situs, topography and development potential. Overall, this comparable, at \$11.94 per square foot, is considered to be a very high indicator of an appropriate per unit land value for the subject's unencumbered fee simple interest, with utilities immediately available.

**Sale LS-3** is located at 1820 Russell Way, approximately 930 feet north of Highway 50 East. The site is situated a short distance northwest of the U.S. 395/Highway 50 East interchange. The site has level to gently sloping topography and all utilities were reasonably available at the time of sale. The property contains 3.484± acres of land area and is currently being improved with an apartment project. This parcel is slightly irregular in shape. This comparable is zoned Multi Residential and is situated in a Flood Zone AE, which denotes high risk flood hazard areas.

In comparison with the subject, this comparable requires upward adjustments due to its secondary location and due to the subject's superior highway frontage. Further upward adjustments are required due to this comparable's much larger size and due to the subject's commercial development potential. An upward adjustment is required due to the subject's corner situs. Further upward adjustment is necessary as this comparable is situated in a floodplain. On the other hand, a downward adjustment is necessary due to this comparable's date of sale. A downward adjustment is required due to this comparable's superior shape. Overall, this comparable, at \$4.61 per square foot, is considered to be an extremely low indicator of an appropriate per unit land value for the subject's unencumbered fee simple interest, with utilities immediately available.

**Sale LS-4** is located at 6301 Highway 50 East, in the immediate subject neighborhood. This property is situated approximately 100 feet south of Highway 50 East and 223± feet west of Drako Way. Access is provided to this property by a graded dirt access road via Drako Way. The site has level to gently sloping topography being several feet above grade with Highway 50 East. Electric and telephone service were immediately available at the time of sale. The property is served by a septic tank and well. The property consists of two adjoining parcels containing a total land area of 2.55± acres. The northerly parcel is improved with a fair to average quality older metal industrial building which was built in 1978. The southerly parcel is vacant and is enclosed with chain link fencing. It was noted at the time of inspection, that the central portion of the site is traversed by an overhead power

line. This site is irregular in shape. This comparable is zoned General Industrial and is situated in a Flood Zone X, which denotes areas of minimal flood hazard.

In comparison with the subject, this comparable requires a large upward adjustment due to the subject's superior direct access from Highway 50 East. Further upward adjustment is required due to the subject's corner situs. Upward adjustments are required due to this comparable's larger size and as the central portion of the sale property is traversed by a major overhead power line. On the other hand, a downward adjustment is necessary due to this comparable's date of sale. A downward adjustment is required as this comparable's improvements can generate income as an interim use. This comparable is similar to the subject in regards to general location, shape, topography and flood zone. Overall, this comparable, at \$4.77 per square foot, is considered to be an extremely low indicator of an appropriate per unit land value for the subject's unencumbered fee simple interest, with utilities immediately available.

**Sale LS-5** is located at 3449 South Carson Street (U.S. 395) in south Carson City. The site is situated on the north side of South Carson Street approximately 1/3 mile east of Sonoma Street. The site has generally level topography and all utilities were available at the time of sale. The property contains 1.46± acres of land area and is currently being improved with a Discount Tire store. This parcel is slightly irregular in shape. This comparable is zoned Retail Commercial and is situated in a Flood Zone AH, which denotes high risk flood hazard areas.

In comparison with the subject, this comparable requires an upward adjustment as it is situated in a floodplain. On the other hand, a large downward adjustment is necessary due to this comparable's superior closer in location on South Carson Street, a major commercial corridor. As this comparable is a relatively recent sale, only a minor downward adjustment is considered necessary due to its date of sale. A downward adjustment is required due to this comparable's superior shape. Overall, this comparable, at \$11.23 per square foot, is



considered to be a very high indicator of an appropriate per unit land value for the subject's unencumbered fee simple interest, with utilities immediately available.

**Listings LL-6 and LL-7** are located at the northeast and the northwest corners of Highway 50 East and Arrowhead Drive in the subject neighborhood. Highway 50 East and Arrowhead Drive is a signalized intersection. These properties are zoned General Industrial and are master planned Mixed Use Commercial, due to their situs on a major access corridor. The parcels are situated in a Flood Zone X which denotes areas of minimal flooding potential. All utilities are available to each of these parcels. In an interview with Mr. Al Souza, of Capurro Souza Real Estate, it was indicated that there has been little interest in Listing LL-5, at the asking price of \$15.00 per square foot. Mr. Souza did indicate that, it was his opinion, that an asking price in the \$9.00 to \$10.00 range may be more realistic under the current soft market conditions. According to the listing agent, Ms. Andie Wilson of Coldwell Banker Commercial, the owner of Listing LL-6 has completed site improvements providing direct access from Highway 50 East. This property includes a conceptual site plan for a convenience store and fast food components. Ms. Wilson did indicate that the property has been listed at the asking price of \$16.03 for some time and there has been very little interest in the site.

In comparison with the subject, Listing LL-7 requires an upward adjustment due to the subject's smaller size. On the other hand, each of the comparables require large downward adjustment as they are located at a signalized intersection at two arterial roadways. Each of the comparables requires a downward adjustment due to their listing status. Listing LL-7 requires further downward adjustment due to its superior shape as compared to the subject's triangular shaped parcel. These comparables are considered similar to the subject in regards to general location, topography and flood zone. Listing LL-6 is felt to be similar to the subject in regards to shape as it is generally long and narrow. Overall, these comparables, at \$15.00 and \$16.03 per square foot, are considered to be extremely high indicators of an appropriate per unit land value for the subject's unencumbered fee simple interest, with utilities immediately available.

**Listing LL-8** is located on the south side of Highway 50 East at the south terminus of Humboldt Street, 900± feet west of U.S. 395 in east Carson City. This property is situated in close proximity to the Gold Dust West casino, a neighborhood shopping center that is anchored by a Sac N Save, and the U.S. 395/Highway 50 East interchange. This parcel contains 3.82± acres and all utilities are reasonably available. The site has level to gentle topography and is of slightly irregular shape. All utilities are immediately available to the site. This listing is zoned General Commercial and has extensive frontage on Highway 50 East. This comparable is situated in a Flood Zone AE, which denotes high risk flood hazard areas

In comparison with the subject, this comparable requires a large downward adjustment due to its closer-in location, proximate to more intense commercial development. The synergy created by the presence of the shopping center and similar surrounding developments is considered to enhance the desirability of this comparable listing. Further downward adjustment is necessary due to this comparable's listing status. A downward adjustment is required due to this comparable's superior shape. On the other hand, upward adjustments are required due to the subject's corner situs and smaller size. Further upward adjustment is necessary as this comparable is situated in a floodplain. Overall, this comparable, at \$9.62 per square foot, is considered to be a high indicator of an appropriate per unit land value for the subject's unencumbered fee simple interest, with utilities immediately available.

**Listing LL-9** is an interior parcel located 390± feet west of College Parkway and 140± feet north of Highway 50 East in northeast Carson City. According to the listing broker, Mr. Brad Bonkowski of Coldwell Banker Commercial, this property is accessed by means of reciprocal easements with the properties to the east and south. These access easements provide access to the site from Highway 50 to the south and College Parkway to the east. This parcel is rectangular and has level topography. All utilities are available to the site. This property is located in a Flood Zone X, which denotes areas of minimal flooding potential. This comparable is currently available for sale at an asking price of \$225,000 or \$6.01 per square foot.

In comparison with the subject, this comparable requires downward adjustments due to its closer-in location and superior shape. A downward adjustment is necessary due to this comparable's listing status. On the other hand, large upward adjustments are required due to this comparable's interior situs, lacking direct street frontage and exposure and its inferior access. As previously noted, the subject does involve a corner site having direct exposure and access from Highway 50 East. Overall, this comparable, at \$6.01 per square foot, is considered to be a low indicator of an appropriate per unit land value for the subject's unencumbered fee simple interest, with utilities immediately available.

In summary, Sales LS-2, LS-5 and Listing LL-8 at \$9.62 to \$11.94 per square foot, were considered to be high to very high indicators of an appropriate per unit land value for the subject property. Listings LL-6 and LL-7, at \$15.00 and \$16.03 per square foot, were considered to be extremely high indicators. Sales LS-3 and LS-4, at \$4.61 and \$4.77 per square foot, were considered to be very low indicators. Sales LS-1, at \$8.61 per square foot, was considered to be a high indicator of an appropriate per unit land value for the subject's unencumbered fee simple interest, with utilities immediately available.

In estimating an appropriated per square foot land value for the subject, consideration has been given to its Highway 50 East frontage, corner situs and access. Consideration is given to its level topography, size and other physical characteristics. Consideration is also given to its location on the outskirts of northeast Carson City and its triangular shape. Consideration is also given to the very limited demand for development land and current soft real estate market conditions.

Based upon a review of the available data, it is our opinion that a per unit land value applicable to the subject's unencumbered fee simple interest, is \$8.00 per square foot, with utilities immediately available.

Calculations prepared by Tri State Surveying indicates that the subject's useable land areas include Parcels A, B and C located in the north central, northeast corner, and southeast corner of the site. The total useable land area is indicated to be 22,504± square feet.

The remainder of the subject land area is either encumbered with the existing easements as outlined previously, or involves long, narrow triangular shapes. The subject contains a total land area of 44,627± square feet. Deducting the useable land area of 22,504± square feet from the total land area of 44,627± square feet results in 22,123± square feet of encumbered/limited use land area.

Total Useable Land Area - Parcels A, B & C	22,504± Square Feet
Encumbered/Limited Use Land Area	22,123± Square Feet

The subject's useable land area contains 22,504± square feet. The underlying fee simple land value for the subject parcel has been estimated to be \$8.00 per square foot. Applying the selected per square foot land value to the subject's useable land area of 22,504± square feet, results in an indicated fee simple value of \$180,032, with utilities immediately available.

The next step in this analysis is to estimate the market value of the subject's 22,123± square feet of remaining land area, as currently encumbered or having very limited use. The subject property is encumbered by multiple public utility easements include surface, overhead and underground public utility easements. In order to delineate the easements encumbering the subject site, Tri State Surveying, LTD has prepared an exhibit map for the subject. A overhead electric power line traverses the subject parcel in a northeast to southwest direction. An underground communications line generally parallels the overhead electric power line. Together, the power line and communications line easements encumber a 50 foot width through the central portion of the subject property. A 10 foot wide Sierra Pacific Power Company (now NV Energy) and Nevada Bell (now AT&T) easement is situated in the south central portion of the subject site and runs in a north/south direction. There is an existing 10

foot wide gas pipeline encumbering the northeast corner of the subject site. The Tri State Surveying map also depicts a 28 foot wide north-south access easement in the westerly portion of the subject site.

It is our understanding that no permanent structures may be constructed within the easement areas. However, the easement areas may be utilized for parking, access, setback requirements and landscaping is allowed. The location and burden of the various easements on the site limits the development potential of the north central, northeast and southeast portions of the subject parcel. Therefore, a lower per square foot value is indicated for those areas which are currently encumbered with the existing overhead and underground public utility easements. A percentage factor will be selected which reflects the impact of the easements encumbering the subject site, in order to reflect the owner's remaining interest in the existing easement land areas as encumbered. This selected factor will then be applied to the unencumbered fee simple value to arrive at an estimate of the market value of the subject's land area which is currently encumbered or is felt to be useable.

To arrive at an estimate of an appropriate factor applicable to the subject property, we analyzed easement factors indicated by a number of easement acquisitions.

In an interview with representatives of Sierra Pacific Power Company, it was indicated to these appraisers that they typically pay 30% to 50% of the unencumbered fee simple value for the acquisition of an overhead power line distribution easement. It was further indicated to these appraisers that on some occasions, they pay between 75% and 90% of the unencumbered fee value for the acquisition of a high voltage transmission line easement. The officials of Sierra Pacific Power Company, however, did point out that typically, when acquiring a high voltage transmission line easement; they are severely limiting the surface utilizations of the underlying property.

AT&T has acquired a number of underground easements for the installation of their fiber optic cables in the Reno area based upon 50% of the unencumbered fee simple value of the property.

Williams Communication Company has acquired underground fiber optic cable easements through the Truckee and Reno areas. In many cases the property owners were compensated 100% of the fee value, due to the small size of the required easement and the small dollars involved. Williams Communications Company was also willing to pay 100% of the fee value to avoid incurring appraisal, legal and other costs associated with condemning an easement. In instances where Williams Communications was required to obtain appraisal services and legal services, the compensations were based upon 50% to 75% of the unencumbered fee simple value.

Mr. Terry Wolverton, Manager, Right of Way & Environmental Affairs for Tuscarora Gas Transmission Company, indicated that easements were acquired by their company in connection with numerous natural gas transmission lines in Nevada at between 50% and 100% of the fee simple value of the easement area.

In analyzing an appropriate percentage factor applicable to the subject's existing easement areas, consideration is given to the location of the easements, as well as the restrictions placed on the subject ownership as a result of the existing easements. Based upon a careful review of all information available, it is our opinion that an appropriate factor applicable to the subject's existing easement areas is 50% of the unencumbered fee simple value. As the value of the easement area represents 50% of the unencumbered fee simple value, the inverse, or 50% of the unencumbered fee simple value, represents the property owner's remaining interest.

The underlying fee simple land value for the subject parcel has been estimated to be \$8.00 per square foot. Applying the indicated per square foot land value to the subject's encumbered/limited use land area of 22,123± square feet, results in an indicated

unencumbered fee simple value of \$176,984. Applying the 50% factor to the unencumbered fee simple value of \$176,984 results in an indicated value of the subject owner's remaining interest, of \$88,492.

Set out following is a summary of the values of the various components of the subject parcel, assuming immediate availability of utilities.

**Land Value Indications - With Utilities to Site**

Total Useable Land Area	
22,504± Square Feet x \$8.00/SF	\$180,032
Total Encumbered and Limited Use Land Area	
22,123± Square Feet x \$8.00/SF @ 50%*	\$88,492
	\$268,524
<b><u>Total Land Value (Rounded)</u></b>	<b>\$270,000</b>
<b>(As Encumbered by Existing Easements)</b>	

\*Property Owner's Remaining Interest as Encumbered

In the immediately preceding analysis, it has been assumed that municipal water and sewer service has been extended to the subject site. In discussions with Jeff Sharp, P.E., City Engineer with the Carson City Public Works Department, it was indicated that neither municipal water nor sewer service have been extended to the subject parcel. As the subject site is zoned for commercial uses, prior to development, water and sewer service would be required to be extended to the site.

The Carson City Public Works Department has indicated that water service is available along the south side of Highway 50 East 1,070± linear feet to the west of the subject. Sewer service is indicated to be available from the intersection of Highway 50 East (south side) and Deer Run Road approximately 1,570 feet to the west of the subject parcel. The Carson City Public Works Department has indicated that the estimated cost for the water main extension is approximately \$78,000 and the estimate for the sewer main extension is approximately \$110,000. The total cost to extend water and sewer service to the subject is indicated to be \$188,000.

Although it would cost \$188,000 to extend water and sewer to the subject property, it is felt that there are some opportunities to reduce this expenditure. It is these appraisers understanding that in order to develop new improvements or expand existing improvements in the immediate vicinity of the subject property, it will be necessary to connect to municipal water and sewer.

There are six properties between the current terminus of the sewer line and the subject property, while there are five intervening ownerships between the existing terminus of the water line and the subject property. Although the majority of these properties are improved with some minimal quality structures and improvements, Carson City will require these properties to hook up to municipal water and sewer should they desire to build new structures on the property or to expand the existing structures. As a result, it is felt that a typical purchaser of the subject property could reasonably anticipate some of the adjacent property owners participating in the cost of extending water and sewer to the subject property.

It is recognized that due to the current economic times, it may be several years before there is any need to extend the sewer and water to the subject property.

After considering all of the factors relative to water and sewer, it is these appraisers expectation that, as municipal water and sewer service would be required for new construction or expansion of existing improvements, it would not be unreasonable for a typical buyer to anticipate that 30% to 40% of the intervening property ownerships would participate in the cost of the extension of these utilities. Therefore, it is our opinion that a perspective buyer of the subject property would deduct an allowance of 60% to 70% of the cost of extending these utilities, with the anticipation that one or more of the intervening ownerships would pay for the remaining costs. Applying the 60% to 70% factor range to the \$188,000 estimated cost, results in an estimate of the cost which would be the responsibility of the subject property owners of \$112,800 to \$131,600, which is correlated to \$125,000. This allowance will be deducted from the estimated value of the subject property, assuming



that the utilities were immediately available. This will result in an estimate of the Market Value of the subject property in its "As Is" condition.

Deducting the cost of the extension of municipal water and sewer to the subject from the total underlying fee simple land value of \$270,000, results in a Market Value estimate for the subject in its "As Is" condition as of June 23, 2011, of \$145,000.

The \$145,000 conclusion results in an overall per square foot value for the subject's 44,627± square foot parcel of \$3.25 per square foot.

As a check of reasonableness as to the per square foot value for the subject, we have reviewed the land sales utilized earlier in this report. Sale LS-4 is located in the immediate neighborhood, to the north of the subject, and is considered most similar to the subject as to the availability of utilities. This parcel had neither municipal water nor sewer service at the time of sale. It is noted that the Carson City Engineering Department has indicated that municipal water and sewer services would be required should the property owner seek approvals for new development or expansion of the existing structure. However, the site is currently served by a septic system and a well, requiring a downward adjustment. This property sold in May of 2010 for \$4.77 per square foot of land area. This parcel is improved with an older metal industrial building which can provide interim income to the site, requiring a downward adjustment.

We have also reviewed a current listing in the Mound House area which is in Lyon County, proximate to the subject neighborhood. This listing is an .83± acre parcel of land located at 30 Diamondback Way and is available at an asking price of \$2.35 per square foot. According to the listing agent, Ms. Andie Wilson of Coldwell Banker Commercial, a septic system will be required and water service has not yet been extended to the property. No water rights are included with the property. As Mound House is on a community well system, it was indicated that water service is reasonably available. In comparison to the subject, this

property has an inferior location and inferior roadway frontage, but is considered similar in regards to availability of utilities.

These comparables indicate a range of \$2.35 to \$4.77 per square foot of land area. Overall, the \$3.25 per square foot value indication for the subject falls within the range indicated by these comparables and is considered reasonable.

Based upon a careful review of all information available and with consideration given to the analysis as set forth above, it is our opinion that the estimated Market Value of the subject property, as of June 23, 2011, is as follows:

**FINAL 'AS IS' MARKET VALUE CONCLUSION**  
**(As of June 23, 2011)**

**\$145,000**

**APPRAISER'S CERTIFICATION**

Each of the undersigned do hereby certify that, unless otherwise noted in this appraisal report:

- I have made a personal inspection of the property that is the subject of this report.
- I have no present or contemplated future interest in the real estate that is the subject of this appraisal report.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- To the best of my knowledge and belief, the statements of fact contained in this appraisal report, upon which the analysis, opinions, and conclusions herein are based, are true and correct.
- This report sets forth all the limiting conditions (imposed by the terms of my assignment or by the undersigned) affecting the analysis, opinions, and conclusions contained in this report.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute*, which include the *Uniform Standards of Professional Appraisal Practice*.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- The appraisal was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- No one other than the undersigned prepared the analyses, conclusions and opinions concerning real estate that are set forth in this appraisal report.
- The Appraisal Institute conducts a mandatory program of continuing education for its designated members. As of the date of this report, Stephen R. Johnson and Cindy Lund Fogel have completed the

requirements under the continuing education program of the Appraisal Institute.

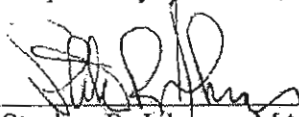
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- This appraisal firm has not appraised the subject property over the past three year period.

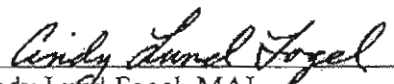
After careful consideration of all data available and upon thorough personal inspection of the subject property and the comparable properties analyzed, the estimated market value of the subject property, is as set out below:

**FINAL 'AS IS' MARKET VALUE CONCLUSION**

**\$145,000**

Respectfully submitted,

  
\_\_\_\_\_  
Stephen R. Johnson, MAI, SREA  
Nevada Certified General Appraiser  
License Number A.0000003-CG

  
\_\_\_\_\_  
Cindy Lund Fogel, MAI  
Nevada Certified General Appraiser  
License Number A.0002312-CG

## STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

The acceptance of this appraisal assignment and the completion of the appraisal report submitted herewith are contingent upon the following assumptions and limiting conditions.

### LIMITS OF LIABILITY

This report was prepared by Johnson-Perkins and Associates, Inc. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of Johnson-Perkins and Associates, as employees, not as individuals. The liability of Johnson-Perkins & Associates, Inc. and its employees and associates is limited to the client only and to the fee actually received by the appraisal firm. There is no accountability, obligation, or liability to any third party. If the appraisal report is disseminated to anyone other than the client, the client shall make such party or parties aware of all limiting conditions and assumptions affecting the appraisal assignment. Neither the appraisers nor the appraisal firm is in any way to be responsible for any costs incurred to discover or correct any physical, financial and/or legal deficiencies of any type present in the subject property. In the case of limited partnerships or syndication offerings or stock offerings in real estate, the client agrees that in the event of a lawsuit brought by a lender, a partner or part owner in any form of ownership, a tenant or any other party, the client will hold the appraiser(s) and the appraisal firm completely harmless in such action with respect to any and all awards or settlements of any type in such lawsuits.

### COPIES, PUBLICATION, DISTRIBUTION AND USE OF REPORT

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for any purpose or any function other than its intended use, as stated in the body of the report. The appraisal fee represents compensation only for the analytical services provided by the appraiser(s). The appraisal report remains the property of the appraisal firm, though it may be used by the client in accord with these assumptions and limiting conditions.

This appraisal is to be used only in its entirety, and no part is to be used without the whole report. All conclusions and opinions concerning the analysis as set forth in the report were prepared by the appraiser(s) whose signature(s) appears on the appraisal report, unless it is indicated that one or more of the appraisers was acting as "Review Appraiser." No change of any item in the report shall be made by anyone other than the appraiser(s). The appraiser(s) and the appraisal firm shall bear no responsibility for any such unauthorized changes.

### CONFIDENTIALITY

Except as provided for subsequently, neither the appraiser(s) nor the appraisal firm may divulge the analyses, opinions or conclusions developed in the appraisal report, nor may they give a copy of the report to anyone other than the client or his designee as specified in writing. However, this condition does not apply to any requests made by the Appraisal Institute for purposes of confidential ethics enforcement. Also, this condition does not apply to any order or request issued by a court of law or any other body with the power of subpoena.

**INFORMATION SUPPLIED BY OTHERS**

Information (including projections of income and expenses) provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, sellers, property owners, bookkeepers, accountants, attorneys, and others is assumed to be true, correct and reliable. No responsibility for the accuracy of such information is assumed by the appraiser(s). Neither the appraiser(s) nor the appraisal firm is liable for any information or the work product provided by subcontractors. The client and others utilizing the appraisal report are advised that some of the individuals associated with Johnson-Perkins & Associates, Inc. are independent contractors and may sign the appraisal report in that capacity. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction or from affidavit or other sources thought reasonable. To the best of our judgment and knowledge, all such information is considered appropriate for inclusion. In some instances, an impractical and uneconomic expenditure of time would be required in attempting to furnish absolutely unimpeachable verification. The value conclusions set forth in the appraisal report are subject to the accuracy of said data. It is suggested that the client consider independent verification as a prerequisite to any transaction involving a sale, a lease or any other commitment of funds with respect to the subject property.

**TESTIMONY, CONSULTATION, COMPLETION OF CONTRACT FOR APPRAISAL SERVICE**

The contract for each appraisal, consultation or analytical service is fulfilled and the total fee is payable upon completion of the report. The appraisers(s) or those assisting in the preparation of the report will not be asked or required to give testimony in court or in any other hearing as a result of having prepared the appraisal, either in full or in part, except under separate and special arrangements at an additional fee. If testimony or a deposition is required, the client shall be responsible for any additional time, fees and charges, regardless of the issuing party. Neither the appraiser(s) nor those assisting in the preparation of the report is required to engage in post-appraisal consultation with the client or other third parties, except under a separate and special arrangement and at an additional fee.

**EXHIBITS AND PHYSICAL DESCRIPTIONS**

It is assumed that the improvements and the utilization of the land are within the boundaries of the property lines of the property described in the report and that there is no encroachment or trespass unless noted otherwise within the report. No survey of the property has been made by the appraiser(s) and no responsibility is assumed in connection with such matters. Any maps, plats, or drawings reproduced and included in the report are there to assist the reader in visualizing the property and are not necessarily drawn to scale. They should not be considered as surveys or relied upon for any other purpose, nor should they be removed from, reproduced or used apart from the report.

**TITLE, LEGAL DESCRIPTIONS, AND OTHER LEGAL MATTERS**

No responsibility is assumed by the appraiser(s) or the appraisal firm for matters legal in character or nature. No opinion is rendered as to the status of title to any property. The title is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in the appraisal report. The legal description, as furnished by the client, his designee or as derived by the appraiser(s), is assumed to be correct as reported. The appraisal is not to be construed as giving advice concerning liens, title status, or legal marketability of the subject property.

### **ENGINEERING, STRUCTURAL, MECHANICAL, ARCHITECTURAL CONDITIONS**

This appraisal should not be construed as a report on the physical items that are a part of any property described in the appraisal report. Although the appraisal may contain information about these physical items (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed report on these physical items. The appraiser(s) is not a construction, engineering, or architectural expert, and any opinion given on these matters in this report should be considered tentative in nature and is subject to modification upon receipt of additional information from appropriate experts. The client is advised to seek appropriate expert opinion before committing any funds to the property described in the appraisal report.

Any statement in the appraisal regarding the observed condition of the foundation, roof, exterior walls, interior walls, floors, heating system, plumbing, insulation, electrical service, all mechanicals, and all matters relating to construction is based on a casual inspection only. Unless otherwise noted in the appraisal report, no detailed inspection was made. For instance, the appraiser is not an expert on heating systems, and no attempt was made to inspect the interior of the furnace. The structures were not investigated for building code violations, and it is assumed that all buildings meet the applicable building code requirements unless stated otherwise in the report.

Such items as conditions behind walls, above ceilings, behind locked doors, under the floor, or under the ground are not exposed to casual view and, therefore, were not inspected, unless specifically so stated in the appraisal. The existence of insulation, if any is mentioned, was discovered through conversations with others and/or circumstantial evidence. Since it is not exposed to view, the accuracy of any statements regarding insulation cannot be guaranteed.

Because no detailed inspection was made, and because such knowledge goes beyond the scope of this appraisal, any comments on observed conditions given in this appraisal report should not be taken as a guarantee that a problem does not exist. Specifically, no guarantee is given as to the adequacy or condition of the foundation, roof, exterior walls, interior walls, floors, heating systems, air conditioning systems, plumbing, electrical service, insulation, or any other detailed construction matters. If any interested party is concerned about the existence, condition, or adequacy of any particular item, we would strongly suggest that a mechanical and/or structural inspection be made by a qualified and licensed contractor, a civil or structural engineer, an architect or other experts. This appraisal report is based on the assumption that there are no hidden, unapparent or apparent conditions on the property or improvements which would materially alter the value as reported. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them. All mechanical components are assumed to be in operable condition and standard for the properties of the subject type. Conditions of heating, cooling, ventilating, electrical and plumbing equipment are considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made in the appraisal as to the adequacy of insulation, the type of insulation, or the energy efficiency of the improvements or equipment which is assumed to be standard for the subject's age, type and condition.

### **TOXIC MATERIALS AND HAZARDS**

Unless otherwise stated in the appraisal report, no attempt has been made to identify or report the presence of any potentially toxic materials and/or condition such as asbestos, urea formaldehyde foam insulation, PCBs, any form of toxic waste, polychlorinated biphenyl, pesticides, lead-based paints or soils or ground water contamination on any land or improvements described in the appraisal report. Before committing funds to any property, it is strongly advised that appropriate experts be employed to inspect both land and improvements for the existence of such potentially toxic materials and/or conditions. If any potentially toxic materials and/or conditions are present on the property, the value of the property may be

adversely affected and a re-appraisal at an additional cost may be necessary to estimate the effects of such circumstances.

#### **SOILS, SUB-SOILS, AND POTENTIAL HAZARDS**

It is assumed that there are no hidden or unapparent conditions of the soils or sub-soil which would render the subject property more or less valuable than reported in the appraisal. No engineering or percolation tests were made and no liability is assumed for soil conditions. Unless otherwise noted, the land and the soil in the area being appraised appeared to be firm, but no investigation has been made to determine whether or not any detrimental sub-soil conditions exist. Neither the appraiser(s) nor the appraisal firm is liable for any problems arising from soil conditions. These appraisers strongly advise that, before any funds are committed to a property, the advice of appropriate experts be sought.

If the appraiser(s) has not been supplied with a termite inspection report, survey or occupancy permit, no responsibility is assumed and no representation is made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained.

Neither the appraiser(s) nor the appraisal firm assumes responsibility for any costs or for any consequences arising from the need or lack of need for flood hazard insurance. An Agent for the Federal Flood Insurance Program should be contacted to determine the actual need for flood hazard insurance.

#### **ARCHEOLOGICAL SIGNIFICANCE**

No investigation has been made by the appraiser and no information has been provided to the appraiser regarding potential archeological significance of the subject property or any portion thereof. This report assumes no portion of the subject property has archeological significance.

#### **LEGALITY OF USE**

This appraisal report assumes that there is full compliance with all applicable federal, state and local environmental regulations and laws, unless non-compliance is stated, defined and considered in the appraisal report. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined and considered in the appraisal report. It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state or national government, private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

#### **COMPONENT VALUES**

Any distribution of the total value between the land and improvements, between partial ownership interests or any other partition of total value applies only under the stated use. Moreover, separate allocations between components are not valid if this report is used in conjunction with any other analysis.



#### **COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT**

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. It is assumed that the property is in direct compliance with the various detailed requirements of the ADA.

#### **AUXILIARY AND RELATED STUDIES**

No environmental or impact studies, special market studies or analyses, special highest and best use studies or feasibility studies have been requested or made by the appraiser(s) unless otherwise specified in an agreement for services and so stated in the appraisal report.

#### **DOLLAR VALUES AND PURCHASING POWER**

The estimated market value set forth in the appraisal report and any cost figures utilized are applicable only as of the date of valuation of the appraisal report. All dollar amounts are based on the purchasing power and price of the dollar as of the date of value estimates.

#### **ROUNDING**

Some figures presented in this report were generated using computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded. Thus, these figures may be subject to small rounding errors.

#### **QUANTITATIVE ANALYSIS**

Although this analysis employs various mathematical calculations to provide value indications, the final estimate is subjective and may be influenced by our experience and other factors not specifically set forth in this report.

#### **VALUE CHANGE, DYNAMIC MARKET, ALTERATION OF ESTIMATE BY APPRAISER**

All values shown in the appraisal report are projections based on our analysis as of the date of valuation of the appraisal. These values may not be valid in other time periods or as conditions change. Projected mathematical models set forth in the appraisal are based on estimates and assumptions which are inherently subject to uncertainty and variations related to exposure, time, promotional effort, terms, motivation, and other conditions. The appraiser(s) does not represent these models as indicative of results that will actually be achieved. The value estimates consider the productivity and relative attractiveness of a property only as of the date of valuation set forth in the report.

In cases of appraisals involving the capitalization of income benefits, the estimate of market value, investment value or value in use is a reflection of such benefits and of the appraiser's interpretation of income, yields and other factors derived from general and specific client and market information. Such estimates are as of the date of valuation of the report, and are subject to change as market conditions change.

This appraisal is an estimate of value based on analysis of information known to us at the time the appraisal was made. The appraiser(s) does not assume any responsibility for incorrect analysis because of incorrect or incomplete information. If new information of significance comes to light, the value given in this report is subject to change without notice. The appraisal report itself and the value

estimates set forth therein are subject to change if either the physical or legal entity or the terms of financing are different from what is set forth in the report.

#### **ECONOMIC AND SOCIAL TRENDS**

The appraiser assumes no responsibility for economic, physical or demographic factors which may affect or alter the opinions in this report if said economic, physical or demographic factors were not present as of the date of value of this appraisal. The appraiser is not obligated to predict future political, economic or social trends.

#### **EXCLUSIONS**

Furnishings, equipment, other personal property and value associated with a specific business operation are excluded from the value estimate set forth in the report unless otherwise indicated. Only the real estate is included in the value estimates set forth in the report unless otherwise stated.

#### **SUBSURFACE RIGHTS**

No opinion is expressed as to the value of subsurface oil, gas or mineral rights or whether the property is subject to surface entry for the exploration or removal of such materials, except as is expressly stated.

#### **PROPOSED IMPROVEMENTS, CONDITIONED VALUE**

It is assumed in the appraisal report that all proposed improvements and/or repairs, either on-site or off-site, are completed in an excellent workmanlike manner in accord with plans, specifications or other information supplied to these appraisers and set forth in the appraisal report, unless otherwise explicitly stated in the appraisal. In the case of proposed construction, the appraisal is subject to change upon inspection of the property after construction is completed. The estimate of market value is as of the date specified in the report. Unless otherwise stated, the assumption is made that all improvements and/or repairs have been completed according to the plans and that the property is operating at levels projected in the report.

#### **MANAGEMENT OF PROPERTY**

It is assumed that the property which is the subject of the appraisal report will be under typically prudent and competent management which is neither inefficient nor superefficient.

#### **FEE**

The fee for any appraisal report, consultation, feasibility or other study is for services rendered and, unless otherwise stated in the service agreement, is not solely based upon the time spent on any assignment.

**LEGAL EXPENSES**

Any legal expenses incurred in defending or representing ourselves concerning this assignment will be the responsibility of the client.

**CHANGES AND MODIFICATIONS**

The appraiser(s) reserves the right, at the cost of the client, to alter statements, analyses, conclusions, or any value estimates in the appraisal if any new facts pertinent to the appraisal process are discovered which were unknown on the date of valuation of this report.

**DISSEMINATION OF MATERIAL**

Neither all nor any part of the contents of this report shall be disseminated to the general public through advertising or sales media, public relations media, new media or other public means of communication without the prior written consent and approval of the appraiser(s).

The acceptance and/or use of the Appraisal Report by the client or any third party constitutes acceptance of the Assumptions and Limiting Conditions set forth in the preceding paragraphs. The appraiser's liability extends only to the specified client, not to subsequent parties or users. The appraiser's liability is limited to the amount of the fee received for the services rendered.

**QUALIFICATIONS OF APPRAISER  
STEPHEN R. JOHNSON**

**Professional Designations**

MAI - Member Appraisal Institute (Certified through 2012)	1976
SREA - Senior Real Estate Analyst; Society of Real Estate Appraisers	1984

**State Licensing and Certification**

Certified General Appraiser-State of Nevada License #A.0000003-CG (Certified through 04/30/2013)	1991
Certified General Appraiser-State of California License #AG007038 (Certified through 06/18/2013)	1992

**Association Memberships and Affiliations**

Member Reno Board of Realtors	
Member Nevada Association of Realtors	
International Right-of-Way Association	
Member Nevada State Board of Equalization - (Appointed by Governor Richard Bryan, January 1984 & 1988)	1984-1991
(Appointed by Governor Kenny C. Guinn, March 2000 & 2004)	2000-2008
Member Nevada Commission of Appraisers of Real Estate - (Appointed by Governor Bob Miller, August 7, 1989)	1989-1994
Commissioner, Nevada Commission of Appraisers of Real Estate (Appointed by Governor Jim Gibbons)	2009-Present

**Offices Held**

Chairman, National Ethics Administration Division	1995
Vice Chairman, National Ethics Commission	1993/94
Regional Member, Ethics Administration Appraisal Institute, Region 1	1989-1992
President, Sierra-Nevada Chapter #60, AIREA -	1989
Vice President, Sierra-Nevada Chapter #60, AIREA -	1988
Secretary, Sierra-Nevada Chapter #60, AIREA -	1987
Vice Governor District 3 (Northern California & Nevada) Society of Real Estate Appraisers (SREA) -	1980-1981
Past President & Membership Chairman - Reno/Carson/Tahoe Chapter #189	
Member 1976 Young Men's Council, SREA, Atlanta, Georgia	
Discussion Leader 1977 Young Men's Council, SREA, Las Vegas, Nevada	

**QUALIFICATIONS OF APPRAISER  
 STEPHEN R. JOHNSON**

**Offices Held (continued)**

Elected 1 of 2 National Representatives to the International Board of Governors of the SREA, representing the Young Men's Council -	1977
International Professional Practice Committee, SREA -	1978-1981
International Conference Committee, SREA -	1978 & 1979
National Candidates Guidance Committee of the American Institute of Real Estate Appraisers (AIREA) -	1978-1981
Chairman National Division of Member and Chapter Services, AIREA -	1981
Board of Directors Northern California Chapter #11, AIREA -1	1980
Admissions Committee, Sierra-Nevada Chapter #60, AIREA	
Board of Directors, Sierra-Nevada Chapter #60, AIREA	1984-1986
Board of Directors, Reno-Carson-Tahoe Chapter	

**Appraisal Experience**

Independent Fee Appraiser	1976 to present
President, Stephen R. Johnson & Associates	1976-1992
President, Johnson - Wright & Associates	
President, Johnson - Perkins & Associates (Staff of 11 Appraisers)	1994 to present
Alves Appraisal Associates	1972-1976
Alves-Kent Appraisal Associates	1970-1972

**Qualified as an Expert Witness**

- Nevada District Courts:
  - Washoe County, Carson City, Douglas County, and Elko County
- U.S. Bankruptcy Courts:
  - Reno, Las Vegas, Sacramento, and Los Angeles
- U.S. District Court, San Francisco, California
- United States Tax Court
- Arizona Superior Court, Maricopa County, Phoenix
- Douglas County Board of Equalization
- Washoe County Board of Equalization
- Nevada State Board of Equalization
- King County Superior Court, Seattle, Washington

**QUALIFICATIONS OF APPRAISER  
STEPHEN R. JOHNSON**

**Formal Education**

Reno High School Graduate - 1966  
Bachelor of Science Degree in Business Administration  
Majoring in Real Estate, from the University of  
Nevada, Reno - 1972

**Appraisal Education**

University of Nevada:  
B.A. 430 Real Estate Evaluation 1970  
B.A. 432 Real Estate Appraisal Problems 1971  
American Institute of Real Estate Appraisers:  
Course 1A Basic Appraisal Principles, Methods  
& Techniques, San Francisco, CA 1972  
Course 1B Capitalization Theory & Techniques,  
San Francisco, California 1973  
Course 2 Urban Properties,  
San Francisco, California  
Course 6 Investment Analysis,  
Memphis, Tennessee 1976  
Society of Real Estate Appraisers:  
Course 301 Special Applications of Appraisal  
Analysis, Pomona, California 1974

Numerous Continuing Education Seminars and Courses

**Appraisal Instructor**

Nevada Association of Realtors  
Department of Commerce, Real Estate Division, State of Nevada  
Appraisal "A" Residential Appraising  
Appraisal "B" Apartment and Commercial Property Appraising  
Western Nevada Community College  
R.E. 206 Real Estate Appraising  
Northern Nevada Real Estate School  
Real Estate Appraisal

**JOHNSON-PERKINS & ASSOCIATES, INC.**  
REAL ESTATE APPRAISERS & CONSULTANTS

**QUALIFICATIONS OF APPRAISER  
STEPHEN R. JOHNSON  
REPRESENTATIVE APPRAISAL CLIENTS AND PROPERTIES**

BARTON MEMORIAL HOSPITAL  
CITY OF RENO  
CITY OF SPARKS  
COLONIAL BANK  
R.J.B. DEVELOPMENT COMPANY CARSON CITY  
DOUGLAS COUNTY  
LINCOLN COUNTY  
LYON COUNTY  
WASHOE COUNTY  
MINERAL COUNTY  
EMERALD BAY POST OFFICE  
NEVADA STATE PARK SYSTEM  
NEVADA STATE DEPT. OF TRANSPORTATION  
NEVADA STATE DIVISION OF LANDS  
NEVADA ATTORNEY GENERAL'S OFFICE  
U.S. DEPARTMENT OF NAVY  
U.S. FOREST SERVICE  
FNMA - REGIONAL OFFICE  
INTERNAL REVENUE SERVICE  
FEDERAL TRADE COMMISSION  
WASHOE COUNTY REGIONAL TRANS.  
RENO TAHOE AIRPORT AUTHORITY  
TAHOE REGIONAL PLANNING AGENCY  
CALIFORNIA ATTY GENERAL'S OFFICE  
CALIFORNIA TAHOE CONSERVANCY  
CITY OF SOUTH LAKE TAHOE  
PLACER COUNTY REDEVELOPMENT AGENCY  
NEW HAMPSHIRE DEPARTMENT OF JUSTICE  
MISSOURI HWY AND TRANS. DEPT COMMISSION  
IDAHO TRANSPORTATION DEPARTMENT  
COLONIAL BANK  
PLUMAS BANK  
SECURITY BANK OF NEVADA  
LIBERTY BANK  
FIRST INDEPENDENT BANK OF NV  
NORTHERN NEVADA BUSINESS BANK  
NEVADA STATE BANK  
UNION BANK  
VALLEY BANK OF NEVADA  
BANK OF AMERICA  
THE BANK OF CALIFORNIA  
CROCKER NATIONAL BANK  
WELLS FARGO BANK  
B OF A TRUST DEPARTMENT  
FIRST FEDERAL SAVINGS & LOAN  
FIRST WESTERN SAVINGS & LOAN  
AMERICAN SAVINGS AND LOAN  
NEVADA SAVINGS & LOAN  
DILORETO CONST. & DEVELOPMENT  
DERMODY PROPERTIES  
TRAMMELL CROW CO.  
MCKENZIE PROPERTIES  
HOMWOOD HIGH & DRY MARINA  
TAHOE KEYS MARINA  
TAHOE CITY MARINA  
WASHOE MEDICAL CENTER  
PLAZA RESORT CLUB  
ROYAL BANK OF SCOTLAND  
CARSON-TAHOE HOSPITAL  
JOHNNY RIBEIRO BUILDER  
KEEVER CONSTRUCTION COMPANY  
SIERRA PACIFIC POWER COMPANY  
SOUTH LAKE TAHOE PUBLIC UTILITY DIST.  
TAHOE DOUGLAS SEWER DISTRICT  
GLENBROOK WATER COMPANY  
TAHOE PARK WATER COMPANY  
NORTH FOOTHILL APARTMENTS  
MEADOWOOD APARTMENTS  
WOODSIDE VILLAGE APARTMENTS  
SIERRA WOODS APARTMENTS  
AMESBURY PLACE APARTMENTS  
SUNDANCE APARTMENTS  
KEYSTONE SQUARE SHOPPING CTR.  
POZZI MOTORS  
CARSON CITY DATSUN-AMC-JEEP  
LEMMON VALLEY LAND COMPANY  
CONSOLIDATED FREIGHTWAYS  
RINGSBY UNITED  
SYSTEMS 99  
EASTMAN KODAK  
HALLMARK CARDS  
OSCAR MEYER AND COMPANY  
GENERAL ELECTRIC  
CHEMETRO  
CITY SERVICES MINERAL CO.  
SUPERIOR OIL COMPANY  
TRAVELERS INSURANCE  
FARMERS INSURANCE COMPANY  
FIRST AMERICAN TITLE CO. OF NV.  
FIDELITY TITLE INSURANCE CO  
MERRILL LYNCH RELOCATION  
YOUNG ELECTRIC SIGN COMPANY  
THE TRUST FOR PUBLIC LANDS  
THE TRUCKEE DONNER LAND TRUST  
THE CONSERVATION FUND  
THE NATURE CONSERVANCY  
SUGAR BOWL SKI RESORT  
THE FEATHER RIVER LAND TRUST  
SKI INCLINE RESORT  
KIRKWOOD ASSOCIATES  
NORTHSTAR  
SQUAW VALLEY U.S.A.  
LEWIS HOMES OF NEVADA  
SYNCON HOMES  
MGM GRAND HOTEL CASINO & THEME PARK  
EL DORADO HOTEL - CASINO  
COMSTOCK HOTEL - CASINO  
LAKESIDE INN HOTEL - CASINO  
RAMADA EXPRESS HOTEL - CASINO

**QUALIFICATIONS OF APPRAISER  
 CINDY LUND FOGEL**

**Professional Designations**

MAI – Member of the Appraisal Institute 2000

**State Licensing and Certification**

Nevada Certified General Appraiser  
 License #A.0002312-CG (Certified through 5/31/12) 1996

**Offices Held**

President, Reno/Carson/Tahoe Chapter Appraisal Institute 2009/2010  
 Vice President, Reno/Carson/Tahoe Chapter Appraisal Institute 2008  
 Education Chair, Reno/Carson/Tahoe Chapter Appraisal Institute 2006  
 Education Chair, Reno/Carson/Tahoe Chapter Appraisal Institute 2003  
 Education Chair, Reno/Carson/Tahoe Chapter Appraisal Institute 2002  
 President, Reno/Carson/Tahoe Chapter Appraisal Institute 2001  
 Vice President, Reno/Carson/Tahoe Chapter Appraisal Institute 2000  
 Treasurer, Reno/Carson/Tahoe Chapter Appraisal Institute 1999  
 Secretary, Reno/Carson/Tahoe Chapter Appraisal Institute 1998

**Occupational History**

Johnson - Perkins & Associates 1994 - Present  
 Real Estate Appraiser

Johnson - Wright & Associates 1992 - 1994  
 Real Estate Appraiser

Stephen R. Johnson & Associates 1990 - 1992  
 Real Estate Appraiser

**Admitted as Expert Witness**

Washoe County Board of Equalization  
 Nevada State Board of Equalization

**Appraisal Education & Technical Training**

Real Estate 103 and 202 1986  
 Real Estate Financing 1986  
 American Institute of Real Estate Appraisers 1991  
     Course 1A-1 "Real Estate Appraisal Principles"  
     Course 1A-2 "Basic Valuation Procedures"  
     Course 1BA "Cap Theory & Tech, Part A" 1992  
     Course 1BB "Cap Theory & Tech, Part B"  
 Nevada Law (NRS 645C) 1993



**QUALIFICATIONS OF APPRAISER  
 CINDY LUND FOGEL**

**Appraisal Education & Technical Training (Continued)**

Standards of Professional Practice Parts A & B	1993
Advanced Applications	1993
Report Writing and Valuation Analysis	1995
Case Studies in Law and Ethics	1998
Standards of Professional Practice, Part C	1998
Advanced Income Capitalization	1999
Standards of Professional Practice, Part C	2000 & 2002
7-Hour National USPAP Update Course	2004
7-Hour National USPAP Update Course	2006
Cost Approach to Commercial Appraising	2006
Uniform Appraisal Standards/Federal Land Acquisitions	2007
7-Hour National USPAP Update Course	2007
7-Hour National USPAP Update Course	2008
Business Practices and Ethics	2008
Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book)	2009
7-Hour National USPAP Update Course	2010
Business Practices and Ethics	2010
Corridor Valuation & Yellow Book Issues and Divided Partial Interests	2010

**Appraisal Seminars**

Forecasting Revenue/Appraising Distressed Commercial Real Estate	2009
Valuation of Easements and Other Partial Interests	2009
Construction Defects and Cost Trends & Feasibility Analysis	2008
Valuation of Detrimental Conditions	2008
Spotlight on Common Errors & Confidentiality USPAP Issues	2008
The Essentials, Current Issues & Misconceptions in Appraising	2007
Attacking & Defending an Appraisal in Litigation	2007
Market Analysis and Site to do Business	2006
Analyzing Distressed Properties	2005
Appraising From Blueprints and Specifications	2005
Appraisal Valuation Modeling	2004
Subdivision Valuation	2004
The Road Less Traveled: Special Purpose Properties	2004
Scope of Work Seminar	2003
Appraisal Consulting: A Solutions Approach for Professionals	2002

**Formal Education**

University of Nevada-Reno: Bachelor of Arts, College of Arts and Science	1989
Truckee Meadows Community College, Associate in Arts	1984
Sparks High School, Sparks, Nevada	1975

**NORTHERN  
NEVADA  
TITLE  
COMPANY**

307 W Winnie Lane, Suite 1  
Carson City, NV 89703  
Phone (775)883-7613  
Fax (775)887-5065

**PRELIMINARY REPORT**

Issued for the sole use of:  
**Tri State Surveying, Ltd.**

Our Order No.: **1095634-TO**

Title No.: **1095634-TO**

**AMENDED**

Your No.: **CC-1095634-TO**

Property Address:

**HWY 50 East  
Carson City, NV 89701**

Assessor's Parcel No.:

**008-523-09**

In response to the above referenced application for a policy of title insurance, Northern Nevada Title Company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, conditions and Stipulations of said policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said Policy or Policies are set forth in Exhibit A attached. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the Homeowner's Policy of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit A. Copies of the Policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of January 21, 2011 at 07:30AM

Title Officer: Tammy May

For Exceptions Shown or Referred to, See Attached

**Northern Nevada Title Company**

The form of policy of title insurance contemplated by this report is:

CLTA Owners.. A specific request should be made if another form or additional cover is desired.

The estate or interest in the land hereinafter described or referred or covered by this Report is:

A Fee

Title to said estate or interest at the date hereof is vested in:

Carson City

All that certain real property situated in the County of Carson City, State of Nevada, described as follows:

**SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF**

At the date hereof exceptions to coverage in addition to the Exceptions and Exclusions in said policy form would be as follows:

1. The herein described property is tax exempt.
2. The lien, if any, for taxes for improvements completed or in progress, but which were not shown on the tax bill for the current year.
3. Reservations as set forth in Patent from the United States of America  
  
Recorded: May 21, 1974  
Book: 158  
Page: 207  
Document No. 36237, Official Records
4. Notes, easements and recitals as set forth on Record of Survey Map No. 2636. Said notes, easement and recitals will affect the use of the herein described property and a review of said map is advised. ✓
5. Subject to any rights and/or provisions of the General Highway Act for improvements, repairs or landscaping to the public highway, located along the boundary of the herein described property.
6. Easement, together with the rights incidental thereto,  
  
Granted to: Sierra Pacific Power Company  
Purpose: Construct, erect, alter, improve, repair, operate and maintain an electric power distribution and transmission line  
Recorded: February 10, 1981  
Book: 294  
Page: 274  
Document No. 2118, Official Records

**Northern Nevada Title Company**

7. Easement, together with the rights incidental thereto,

Granted to: Sierra Pacific Power Company, a Nevada corporation and Bell Telephone Company of Nevada, a Corporation  
Purpose: Construct, erect, alter, improve, repair, operate and maintain overhead and underground electric power communication lines

Recorded: February 25, 1981 ✓

Book: 295

Page: 170

Document No. 2421, Official Records

And

Recorded: July 6, 1981

Book: 303

Page: 359

Document No. 5322, Official Records

8. Resolution of Abandonment of a portion of State Highway Right-of-Way,

Recorded: December 27, 1993

Document No. 154446, Official Records ✓

9. Resolution of Relinquishment of a portion of State Highway Right-of-Way,

Recorded: December 27, 1993 ✓

Document No. 154447, Official Records

10. Resolution of the Carson City board of Supervisors Consenting to the Nevada Department of Transportation relinquishment of portions of U.S. Highway 50 East to Carson City, ✓

Resolution No. 1993-R-76

Recorded: December 27, 1993

Document No. 154446, Official Records

11. Agreement, on the terms and conditions contained therein,

Purpose: Multi-Use License ✓

Dated: May 16, 1994

Executed By: William Burnaugh and Jeana Burnaugh, husband and wife, Licensee and the State of Nevada, acting by and through its Department of Transportation, Licensor

Recorded: July 21, 1994

Document No.: 164566, Official Records

12. Discrepancies, conflicts in boundary lines, shortages in area, encroachments, and/or other facts which a correct survey would disclose, and which are not shown by the public records.

Northern Nevada Title Company

**NOTE: The last recorded transfer or agreement to transfer the land described herein is as follows:**

**INSTRUMENT ENTITLED: Patent**

**BY/FROM: The United States of America**

**TO: Carson City**

**RECORDED: May 21, 1974, BOOK: 168, PAGE: 207, DOCUMENT NO. 36237, Official Records**

**Northern Nevada Title Company**

**Northern Nevada Title Company**

**Privacy Policy Notice**

**PURPOSE OF THIS NOTICE**

Title V of the Gramm-Leach-Bliley Act (GLBA) generally prohibits any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with a nonaffiliated third party unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and the categories of persons or entities to whom it may be disclosed. In compliance with the GLBA, we are providing you with this document, which notifies you of the privacy policies and practices of Northern Nevada Title Company.

We may collect nonpublic personal information about you from the following sources:

- Information we receive from you such as on applications or other forms.
- Information about your transactions we secure from our files, or from [our affiliates or] others.
- Information we receive from a consumer reporting agency.
- Information that we receive from others involved in your transaction, such as the real estate agent or lender.

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional nonpublic personal information will be collected about you.

We may disclose any of the above information that we collect about our customers or former customers to our affiliates or to nonaffiliated third parties as permitted by law.

We also may disclose this information about our customers or former customers to the following types of nonaffiliated companies that perform marketing services on our behalf or with whom we have joint marketing agreements:

- Financial service providers such as companies engaged in banking, consumer finance, securities and insurance.
- Non-financial companies such as envelope stuffers and other fulfillment service providers.

**WE DO NOT DISCLOSE ANY NONPUBLIC PERSONAL INFORMATION ABOUT YOU WITH ANYONE FOR ANY PURPOSE THAT IS NOT SPECIFICALLY PERMITTED BY LAW.**

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

**Northern Nevada Title Company**

Exhibit A

**CALIFORNIA LAND TITLE ASSOCIATION  
STANDARD COVERAGE POLICY - 1990  
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.  
  
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
  - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
  - (c) resulting in no loss or damage to the insured claimant;
  - (d) attaching or created subsequent to Date of Policy; or
  - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

**EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.  
  
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

**Northern Nevada Title Company**

Exhibit A

**AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)**  
**AMERICAN LAND TITLE ASSOCIATION LEASEHOLD LOAN POLICY (10-17-92)**  
**EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.  
  
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters.
  - (a) created, suffered, assumed or agreed to by the insured claimant;
  - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
  - (c) resulting in no loss or damage to the insured claimant;
  - (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or
  - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness; to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidly or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
  - (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
  - (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
  - (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
    - (a) to timely record the instrument of transfer, or
    - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following General Exceptions:

**Northern Nevada Title Company**



#### EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.  
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

Exhibit A

AMERICAN LAND TITLE ASSOCIATION  
LOAN POLICY OF TITLE INSURANCE - 2006  
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection; or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 6.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not known to the Company, not recorded in the Public Records at Date of Policy, but known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
  - (a) a fraudulent conveyance or fraudulent transfer, or
  - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART 1, SECTION ONE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.

Northern Nevada Title Company

Exhibit A

**AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92)**  
and  
**AMERICAN LAND TITLE ASSOCIATION LEASEHOLD OWNERS POLICY (10-17-92)**  
**EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.  
  
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) created, suffered, assumed or agreed to by the insured claimant;
  - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
  - (c) resulting in no loss or damage to the insured claimant;
  - (d) attaching or created subsequent to Date of Policy, or
  - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
  - (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
  - (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
    - (a) to timely record the instrument of transfer, or
    - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage Policy will also include the following General Exceptions:

**EXCEPTIONS FROM COVERAGE**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.  
  
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

**Northern Nevada Title Company**

Exhibit A

AMERICAN LAND TITLE ASSOCIATION  
OWNER'S POLICY OF TITLE INSURANCE - 2008  
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to:
  - (i) the occupancy, use, or enjoyment of the Land;
  - (v) the character, dimensions, or location of any improvement erected on the Land;
  - (vi) the subdivision of land; or
  - (vii) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 6.  
(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters:
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not known to the Company, not recorded in the Public Records at Date of Policy, but known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is:
  - (a) a fraudulent conveyance or fraudulent transfer; or
  - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in Public Records that vests Title as shown in Schedule A.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART ONE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the public records.

Northern Nevada Title Company

Exhibit A

AMERICAN LAND TITLE ASSOCIATION  
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)  
EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:
  - land use
  - improvements on the land
  - land division
  - environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date.

This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.

2. The right to take the land by condemning it, unless:
  - a notice of exercising the right appears in the public records on the Policy Date
  - the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking
3. Title Risks:
  - that are created, allowed, or agreed to by you
  - that are known to you, but not to us, on the Policy Date - unless they appeared in the public records
  - that result in no loss to you
  - that first affect your title after the Policy Date - this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
4. Failure to pay value for your title.
5. Lack of a right:
  - to any land outside the area specifically described and referred to in Item 3 of Schedule AOR
  - in streets, alleys, or Waterways that touch your land

This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

Northern Nevada Title Company

Exhibit A

AMERICAN LAND TITLE ASSOCIATION  
SHORT FORM RESIDENTIAL LOAN POLICY - 2006  
ONE-TO-FOUR FAMILY

ANY ADDENDUM ATTACHED HERETO, OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY, A MINNESOTA CORPORATION, HEREIN CALLED THE "COMPANY", HEREBY INSURES THE INSURED IN ACCORDANCE WITH AND SUBJECT TO THE TERMS, EXCLUSIONS AND CONDITIONS SET FORTH IN THE AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (8-17-06), ALL OF WHICH ARE INCORPORATED HEREIN. ALL REFERENCES TO SCHEDULES A AND B SHALL REFER TO SCHEDULES A AND B OF THIS POLICY.

SCHEDULE B

EXCEPTIONS FROM COVERAGE AND AFFIRMATIVE ASSURANCES

Except to the extent of the affirmative insurance set forth below, this policy does not insure against loss or damage (and the Company will not pay costs, attorney's fees, or expenses) which arise by reason of:

1. Covenants, conditions and restrictions, if any, appearing in the Public Records; however, this policy insures against loss or damage arising from:
  - (a) The violation of those covenants, conditions, or restrictions on or prior to Date of Policy;
  - (b) a forfeiture or reversion of Title from a future violation of those covenants, conditions, or restrictions, including those relating to environmental protection; and
  - (c) provisions in those covenants, conditions, or restrictions, including those relating to environmental protection, under which the lien of the Insured Mortgage can be extinguished, subordinated, or impaired.

As used in paragraph 2(a), the words "covenants, conditions, or restrictions" do not refer to or include any covenant, condition, or restriction (a) relating to obligations of any type to perform maintenance, repair or remediation on the Land, or (b) pertaining to environmental protection of any kind or nature, including hazardous or toxic matters, conditions, or substances, except to the extent that a notice of a violation or alleged violation affecting the Land has been recorded or filed in the Public Records at Date of Policy and is not referenced in an addendum attached to this policy.

2. Any easements or servitudes appearing in the Public Records; however, this policy insures against loss or damage arising from (a) the encroachment, at Date of Policy, of the Improvements on any easement, and (b) any interference with or damage to existing Improvements, including lawns, shrubbery, and trees, resulting from the use of the easements for the purposes granted or reserved.
3. Any lease, grant, exception, or reservation of minerals or mineral rights appearing in the Public Records; however, this policy insures against loss or damage arising from (a) any affect on or impairment of the use of the Land for residential one-to-four family dwelling purposes by reason of such lease, grant, exception or reservation of minerals or mineral rights, and (b) any damage to existing Improvements, including lawns, shrubbery, and trees, resulting from the future exercise of any right to use the surface of the Land for the extraction or development of the minerals or mineral rights so leased, granted, excepted, or reserved. Nothing herein shall insure against loss or damage resulting from subsidence.

Northern Nevada Title Company

**EXHIBIT "A"**

All that certain real property situated in the County of Carson City, State of Nevada, described as follows:

All that portion of the North 1/2 of the Southeast 1/4 of Section 2, Township 15 North Range 20 East M.D.B. & M.

EXCEPTING THEREFROM all lands lying Northerly of the Southerly Boundary Line of Hwy 50 East.

ALSO EXCEPTING THEREFROM all lands lying Easterly of the Westerly Boundary line of Sheep Drive.

ALSO EXCEPTING THEREFROM those certain parcels of land described in document recorded April 24, 2001 as Document No. 280802 and document recorded October 21, 2008 as Document No. 383647, Official Records of Carson City, State of Nevada.

TOGETHER WITH that portion of land described in Resolution of Abandonment recorded December 27, 1993 as Document No. 154446, Official Records of Carson City, State of Nevada more particularly described as follows:

BEGINNING at a point on the southwesterly right-of-way line of Sheep Drive, and the right or Southerly right-of-way line of US-50, 109.00 feet right of and at right angles to Highway Engineer's Station "X" 209+00.20 P.O.T.; said point of beginning further described as bearing S. 35°24'04" W. a distance of 1,374.46 feet from the East quarter corner of Section 2, T. 15 N., R. 20 E., M.D.M.; thence S. 27°27'12" E., along said Southwesterly right-of-way line, a distance of 100.00 feet to an intersection with the former right or Southerly right-of-way line of US-50; thence S. 62°32'48" W., along said former Southerly right-of-way line, a distance of 229.41 feet to a point on the South one-sixteenth section line of said Section 2; thence N. 89°17'34" W., along said one-sixteenth section line, which is coincident with said former Southerly right-of-way line, a distance of 211.89 feet to an intersection with said southerly right-of-way line of US-50; thence N. 62°32'48" E., along said Southerly right-of-way line, a distance of 416.22 feet to The Point of Beginning.

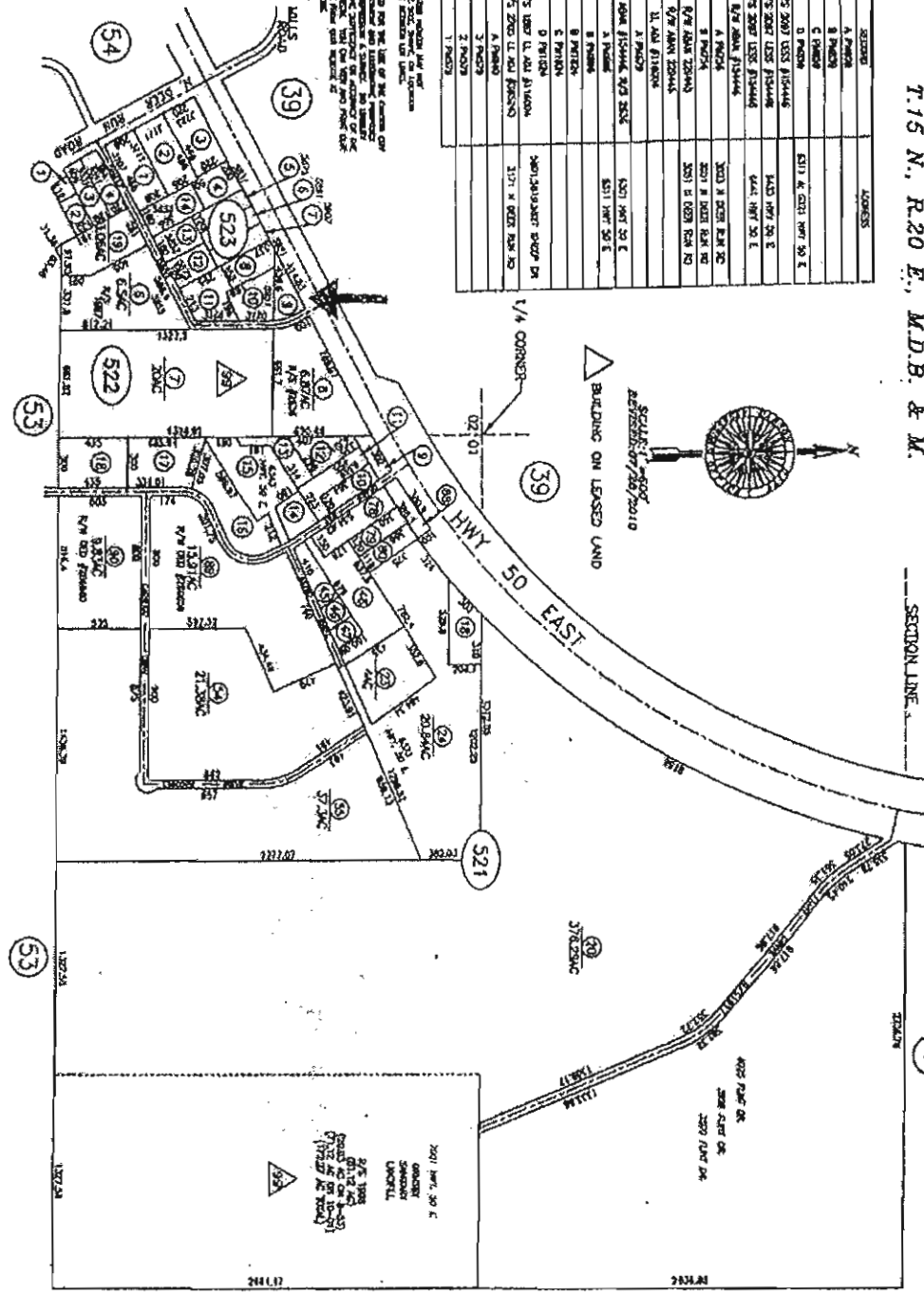
**THIS LEGAL DESCRIPTION IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY. NO RELIANCE FOR TITLE INSURANCE CAN BE BASED ON IT.**

**Northern Nevada Title Company**

**PORTION SECTION 1 & SECTION 2  
T.15 N., R.20 E., M.D.B. & M.**

8-52

TRAC	SECTION	ADDRESS
100-202-41	A PART 8	
100-202-42	B PART 8	
100-202-43	C PART 8	
100-202-44	D PART 8	
100-202-45	E PART 8	
100-202-46	F PART 8	
100-202-47	G PART 8	
100-202-48	H PART 8	
100-202-49	I PART 8	
100-202-50	J PART 8	
100-202-51	K PART 8	
100-202-52	L PART 8	
100-202-53	M PART 8	
100-202-54	N PART 8	
100-202-55	O PART 8	
100-202-56	P PART 8	
100-202-57	Q PART 8	
100-202-58	R PART 8	
100-202-59	S PART 8	
100-202-60	T PART 8	
100-202-61	U PART 8	
100-202-62	V PART 8	
100-202-63	W PART 8	
100-202-64	X PART 8	
100-202-65	Y PART 8	
100-202-66	Z PART 8	
100-202-67	AA PART 8	
100-202-68	AB PART 8	
100-202-69	AC PART 8	
100-202-70	AD PART 8	
100-202-71	AE PART 8	
100-202-72	AF PART 8	
100-202-73	AG PART 8	
100-202-74	AH PART 8	
100-202-75	AI PART 8	
100-202-76	AJ PART 8	
100-202-77	AK PART 8	
100-202-78	AL PART 8	
100-202-79	AM PART 8	
100-202-80	AN PART 8	
100-202-81	AO PART 8	
100-202-82	AP PART 8	
100-202-83	AQ PART 8	
100-202-84	AR PART 8	
100-202-85	AS PART 8	
100-202-86	AT PART 8	
100-202-87	AU PART 8	
100-202-88	AV PART 8	
100-202-89	AW PART 8	
100-202-90	AX PART 8	
100-202-91	AY PART 8	
100-202-92	AZ PART 8	
100-202-93	BA PART 8	
100-202-94	BB PART 8	
100-202-95	BC PART 8	
100-202-96	BD PART 8	
100-202-97	BE PART 8	
100-202-98	BF PART 8	
100-202-99	BG PART 8	
100-202-100	BH PART 8	
100-202-101	BI PART 8	
100-202-102	BJ PART 8	
100-202-103	BK PART 8	
100-202-104	BL PART 8	
100-202-105	BM PART 8	
100-202-106	BN PART 8	
100-202-107	BO PART 8	
100-202-108	BP PART 8	
100-202-109	BQ PART 8	
100-202-110	BR PART 8	
100-202-111	BS PART 8	
100-202-112	BT PART 8	
100-202-113	BU PART 8	
100-202-114	BV PART 8	
100-202-115	BW PART 8	
100-202-116	BX PART 8	
100-202-117	BY PART 8	
100-202-118	BZ PART 8	
100-202-119	CA PART 8	
100-202-120	CB PART 8	
100-202-121	CC PART 8	
100-202-122	CD PART 8	
100-202-123	CE PART 8	
100-202-124	CF PART 8	
100-202-125	CG PART 8	
100-202-126	CH PART 8	
100-202-127	CI PART 8	
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100-202-190	CV PART 8	
100-202-191	CW PART 8	
100-202-192	CX PART 8	
100-202-193	CY PART 8	
100-202-194	CA PART 8	
100-202-195	CB PART 8	
100-202-196	CC PART 8	
100-202-197	CD PART 8	
100-202-198	CE PART 8	
100-202-199	CF PART 8	
100-202-200	CG PART 8	



NOTE: ALL PLATS SHOWING TRACTS ARE TO BE RECORDED IN THE PUBLIC RECORDS OF THE COUNTY OF DALLAS, TEXAS, AND SHALL BE VALID AND EFFECTIVE FROM THE DATE OF RECORDATION THEREIN. THIS NOTICE IS GIVEN FOR THE PURPOSE OF RECORDING THE SAME IN THE PUBLIC RECORDS OF THE COUNTY OF DALLAS, TEXAS, AND SHALL BE VALID AND EFFECTIVE FROM THE DATE OF RECORDATION THEREIN.